

1953
Box 2

IN THE COURT OF THE TRANSPORT TRIBUNAL

TRANSPORT ACT, 1947—PART V

IN THE MATTER OF THE APPLICATION OF THE
BRITISH TRANSPORT COMMISSION (1953 No. 134)

TO CONFIRM THE BRITISH TRANSPORT COMMISSION (PASSENGER) CHARGES SCHEME, 1953

MONDAY, 16TH MARCH, 1953

SEVENTH DAY

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PROCEEDINGS OF THE TRANSPORT TRIBUNAL

MONDAY, 16th MARCH, 1953

PRESENT:

HUBERT HULL, Esq., C.B.E., (*President*)

A. E. SEWELL, Esq.

J. C. POOLE, Esq., C.B.E., M.C.

Mr. HAROLD I. WILLIS, Q.C., Mr. E. S. FAY, and Mr. KENNETH POTTER (instructed by Mr. M. H. B. Gilmour, Chief Legal Adviser to the British Transport Commission) appeared on behalf of the British Transport Commission.

Mr. H. V. LLOYD-JONES, Q.C., Mr. LEON MacLAREN, and Mr. GEORGE MERCER (instructed by Mr. J. G. Barr) appeared on behalf of the London County Council.

Mr. GEOFFREY LAWRENCE, Q.C., Mr. J. RAMSAY WILLIS and Mr. CHRISTOPHER HODSON (instructed by Sir Clifford Radcliffe, C.B.E., Solicitor and Clerk to the Middlesex County Council) appeared on behalf of the following County Councils: Middlesex, Berkshire, Buckinghamshire, East Sussex, Essex, Hertfordshire, Kent and Surrey.

Sir SHIRLEY WORTHINGTON-EVANS (instructed by Mr. Desmond Heap, Comptroller and City Solicitor) appeared on behalf of the Corporation of London.

Mr. J. RAMSAY WILLIS (instructed by Mr. W. O. Dodd, Deputy Town Clerk) appeared on behalf of Brighton Corporation.

Mr. G. R. ROUGIER (instructed by Mr. Archibald Glen, Town Clerk) appeared on behalf of Southend-on-Sea Corporation.

Mr. G. R. ROUGIER appeared on behalf of County Borough of Southend-on-Sea Railway Travellers' Association.

Mr. D. J. TURNER-SAMUELS (instructed by Mr. W. H. Thompson) appeared on behalf of London Trades Council.

Mr. GEOFFREY RIPPON (instructed by Mr. R. H. Buckley, Town Clerk) appeared on behalf of East Ham Borough Council.

Mr. GEOFFREY RIPPON (instructed by Mr. G. E. Smith, Town Clerk) appeared on behalf of West Ham Borough Council.

Mr. GEOFFREY RIPPON (instructed by Mr. G. E. Smith, Town Clerk) appeared on behalf of South-West Essex Traffic Advisory Committee.

Mr. C. OSMOND TURNER (instructed by Messrs. Carpenter, Wilson & Smith) appeared on behalf of London Passengers' Association.

Mr. GEORGE W. REYNOLDS represented London Federation of Trades Councils.

Miss DOROTHY D. FORSTER represented the Walthamstow Trades Council.

Mr. J. W. SYKES represented Edmonton Trades Council.

Mr. F. A. RULER represented the Federation of Residents' Associations in the County of Kent.

Mr. W. J. LUXTON represented The Association of British Chambers of Commerce.

Miss H. C. HART represented The National Association of Women Civil Servants.

Mr. N. J. LEWISOHN represented Whyteleaf & Kenley Residents' Association.

Mr. C. M. HAMILTON represented The Accountant-General's Department, Civil Service Clerical Association (Bickley Branch).

Mr. HYMAN FRANKEL represented The National Union of Bank Employees.

Mr. J. F. FLEYDELL represented Pitsea, Vange & District Resident Ratepayers' Association.

Mr. STANLEY MAYNE represented the Institution of Professional Civil Servants.

Mr. D. KELLY represented the South Essex Branch of the Communist Party.

Mr. J. E. MORRISH represented the Post Office Engineering Union.

Mr. J. REID represented the London North and London South District Committees of the Amalgamated Engineering Union.

Mr. ALEXANDER HALLIDAY represented the North London District of the Amalgamated Union of Operative Bakers, Confectioners and Allied Workers.

Mr. D. J. D. WELLUM represented the Benfleet & District Railway Travellers' Association.

(*President*): Mr. Willis, the Society is having some kind of cinematograph performance in this hall this evening—not of these proceedings, I gather—but it makes it necessary that we should finish earlier this afternoon, so we shall have to rise at 5. Up to the moment, as you will have observed, we have been rising for an hour-and-a-quarter in the middle of the day. I think now that everyone has got his bearings in this part of the suburbs, we might attempt to shorten the adjournment, to-day, at any rate. We can experiment with an adjournment limited to one hour, so that we rise at about a quarter to one, and resume at a quarter to two. If that is found in fact to be still inconvenient to a substantial number of people, we can go back to the longer period.

(*Mr. Harold Willis*): Would it be convenient, Sir, before my learned friend, Mr. Geoffrey Lawrence, resumes his cross-examination, if I were just to summarise the position that arises in connection with various points of further information which have been requested from time to time during the first four days, just to summarise who is going to deal with the matter and in some cases to give the information now available.

(*President*): I think it might; is that convenient to you Mr. Lawrence?

(*Mr. Geoffrey Lawrence*): Certainly.

(*Mr. Harold Willis*): The matter started with certain questions raised by Mr. Poole on the first day of these proceedings when he raised three points. The first was figures relating to traffics on a mileage basis. A table dealing with that matter is in preparation. It may perhaps be ready to-day—it certainly will be ready very soon afterwards, and as soon as it is ready we propose to tender it to the Tribunal and to distribute it to such persons as the Tribunal directs. It will, of course, be dealt with by Mr. Valentine in his evidence, but we think you would wish the document, as a document, to be put in as soon as it is available.

(*President*): I think that is so. My recollection is that it deals with the London Transport Executive.

(*Mr. Harold Willis*): Yes.

(*President*): Well, then, I think it may as well be given a number so that it will be convenient to refer to it. It will have to be B.T.C. 511.

(*Mr. Harold Willis*): I have not yet seen the document, I do not know whether it will be 511 a, b or c.

(*President*): We will keep the head number, anyhow.

(*Mr. Harold Willis*): Then there was a question as to the profitability of extensions. You will recall Mr. Poole

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[Continued]

referred to this. It is going to be dealt with by Mr. Valentine in his evidence. The third point was the percentage of transport fares above pre-war, the 71 per cent, which again Mr. Valentine will explain in his evidence.

Then on page 33 of the same day's proceedings, there was a request by Mr. Geoffrey Lawrence for a split-up of the expenses of the London Transport Services over certain heads, set out in the accounts. That document is available and it could be handed to Mr. Lawrence. I do not think—unless you think it convenient, Sir—that we need give this any number. It is merely for my learned friend's benefit and a copy will be handed in to the Tribunal. Mr. James, when he gives his evidence, will speak to the figures, and my learned friend will have had it in advance.

(Mr. MacLaren): I should much appreciate a copy of that particular document.

(Mr. Harold Willis): You shall have it.

Then on page 76, questions 839 and 840. It was in the cross-examination of Sir Reginald Wilson by Mr. Turner-Samuels—some question as to the comparative coal consumption on freight and passenger traffics. I am afraid the figure is not yet available, but we shall have it available and we will deal with it as soon as it is ready. Then on page 77, question 862, there was a question in regard to the relation between the number of season tickets and early morning fares, and in question 863 Sir Reginald said: "If you like I would have that checked back." Mr. Roberts is going to deal with that point.

Then at the bottom of the same page, question 873, Mr. Turner-Samuels raised the question of the Bristol Survey and where had that Survey got to. Sir Reginald says, "Yes, I will certainly find out whether that has been completed." As I understand it, Sir, the position is that the information on which the survey has to be based has been completed, but the document has not yet been correlated and finally prepared. I do not know, Sir, whether you wish any further information to be made available with regard to the matter. We, for our part, do not feel it is likely to be of any great assistance in connection with London, but such information as has been obtained can, of course, be made available if you were to think it desirable to investigate it.

(President): I do not want a Survey if there is not a Survey.

(Mr. Harold Willis): There is nothing which compares to the London Survey which one can look at as a document.

(Mr. Turner-Samuels): The thing I was anxious particularly to get was the average weekly expenditure in household. Maybe some such table was prepared, and although the final booklet is not complete these tables are in existence.

(Mr. Harold Willis): Can we leave it that if Mr. Turner-Samuels asks us which bit of the statistical information to go into the Survey he wants, we can tell him whether it is available and give him the result?

(Mr. Turner-Samuels): Certainly.

(Mr. Harold Willis): Then on page 90, you raised the question (just after question 1170) "I have a feeling we are

to discuss and form an opinion on the application of a formula. Sooner or later it would be a good thing for us to look at the formula."

(President): I spent a little time on Friday looking at the last proceedings in which that formula came under consideration—that was the Great Western Railway Company's application—and I arrived at the conclusion that if I had looked at those proceedings before Thursday's sitting, I should have never made that suggestion. If we are going to discuss the formula fully, we should require an inquiry almost as long as this inquiry looks like being, so unless someone else desires to have a full examination of that formula I certainly shall not go into any further details about it. I think—although it is convenient to describe it as a formula—that is rather an over-concise description of something which is certainly the opposite of anything which one normally regards as a formula.

(Mr. Harold Willis): Certainly on my information it is at least one and a half feet high, when you come to examine it.

(President): You can always offer it to Mr. Lawrence at some inconvenient moment! I can lend him a copy of the transcript of the Great Western proceedings.

(Mr. Geoffrey Lawrence): If I could have access to the same refresher course as you have, Sir, I shall probably not trouble anyone else.

(President): I have not it here, but I can get it.

(Mr. Geoffrey Lawrence): Thank you, Sir.

(Mr. Harold Willis): Then question 1211, on page 93, you ask for the reconciliation of the figure of £310m. which did not quite tally with the figure which was in the published accounts. There are only two figures, and I can give them straight away. The working expenses in total set out on statement 61 of the accounts on page 234, for the year 1949 was £312.8m. There has to be deducted from that trans-shipment by road vehicles, which is shown on 61 a, at page 235, £3.3m., and that produces the adjusted total of £309.5m., which was rounded off to £310m.

Then on the next page there were some questions about rates and how rates were dealt with, and I think the most convenient way to deal with the rather complicated matter as far as London is concerned is that Mr. James can deal with that in as much detail as is thought necessary. He is also capable of explaining the position outside London, if that also becomes necessary. There are two aspects of the matter, the global one and the separate hereditament.

Then I think the final point was in regard to the miscellaneous receipts. You will recall Mr. Lawrence on Thursday raised certain questions as to the estimates of those rates (Forces travel, season tickets and so on), given on the previous occasion, as compared with those given on this occasion. Mr. Valentine will deal with that in connection with London, and Mr. Roberts with that in connection with outside London. It is not quite a simple explanation; it requires a little bit of detail, and I think it would be better dealt with by the witness rather than that I should attempt to deal with it at this stage. I hope that covers all the outstanding requests for information there are.

Sir REGINALD HOLMES WILSON recalled.

Cross-examination by Mr. GEOFFREY LAWRENCE continued.

1448. Over the week-end I have taken to heart the closing words of my learned friend before we rose on Thursday, and have come to the conclusion that at any rate, in the latter part of my cross-examination dealing with the abnormal maintenance account, we were at cross purposes. It was entirely my fault. I have had an opportunity in the interval of reconsidering the matter, and I desire now to ask your help shortly in relation to that matter and see whether we can get a few facts.

You drew a distinction when I started to ask you questions about it between the provision accounts in the old undertakings and the funds in the hands of the Trustees, did you not? Yes.

1449. That is a point which I desire fully to understand, with your assistance, if I may. Is this the position—that the provision accounts were entries made by

the various undertakings by way of provision for maintenance and renewals?—Yes.

1450. And am I right in thinking that concurrently over the years with those provisions there was, so to speak, accumulating in the hands of the Trustees the cash deposits made by the Government?—Yes, the cash deposits were made by the undertakings themselves and represented the amounts by which the provisions they had actually made were not spent by them.

1451. So that when the British Transport Commission took over at the beginning of 1948 it took over at least these three matters. It took over a much physically deteriorated set of undertakings. That is right, is it not?—Yes.

1452. It also took over these provision accounts, which represented what the various undertakings themselves had

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[Continued]

made by way of provision for the deterioration over the war years. Is that right?—In a sense we took that over, but there were re-assessments, you will remember, arising out of the fact that the new depreciation scheme had a smaller scope than the depreciation scheme which was in use by the old undertakings.

1453. I do not doubt that having taken them over you made certain adjustments.—Yes.

1454. And thirdly you took over the accumulated funds in the hands of the Trustees?—Yes.

1455. Putting that shortly, does it amount to this—you took over the deteriorated undertakings, you took over a record of what it would cost to put them right again?—No. We took over the provision accounts in the form of the undertakings, and they were estimates and cannot be described as records of what it would cost actually to put them right.

1456. Perhaps I put it too high, but they were someone's estimates of what was required to do the arrears of work?—No, it was the outcome of the figures which were put in the books. After all, if one thought that the price level would be downwards one would have had to knock something off that figure; or if one thought it would be upwards one would have had to add something.

1457. It may be that it is a matter of a form of words. Let me put it as generally as I can. Those provisions in the accounts certainly related to the arrears of maintenance and renewals, did they not?—They related to them in a very broad sense. They were connected with them.

1458. Let me leave it with that measure of assent on this second limb. And also the Commission took over the wherewithal to make good the depreciation?—Yes.

1459. As I understand what you said on Thursday, that wherewithal was agglomerated in respect of all these undertakings in the Central Funds of the Commission?—Yes.

1460. And the abnormal maintenance account of the Commission represented the agglomeration, no doubt subject to adjustment here and there, of the provision account?—On the other side of the balance sheet, yes.

1461. So I am sure this must be obvious to everyone—at least I hope it is obvious, and that I am right in thinking it is—you did not take over the aggregate of the wherewithal in the hands of the Trustees and the provision accounts did you, in actual assets?—I am sorry, I have not followed that.

1462. Let me put it specifically. Let us take an illustration: so far as London was concerned, £40m. cash provision in the hands of the Trustees—your figure of £32m. in the provision accounts of London?—Yes.

1463. Did that not mean that the wherewithal you took over amounted to a gross figure of £72m.?—No.

1464. What it meant was this: that if those provision accounts had been, so to speak, implemented by the expenditure of money by way of maintenance to make good the deterioration, then £32m. of the £40m. was there to pay the bill?—The £32m. was there for two purposes; it was there to meet any arrears of maintenance proper—that is to say all repairs which may have accrued during the war, and it was there to meet, in a sense, the arrears of capital expenditure also.

1465. Yes, I think you could have given me an assent to my question, perhaps, without weakening your position. Let me put it in another way: the £32m. had in fact *pro tanto* a cash cover, had it not, in the hands of the Trustees?—Yes.

1466. The £32m., in other words, were book entries, and there was a cash cover on it to that extent in the hands of the Trustees?—Yes.

1467. Now this at least is clear, is it not, that so far as London is concerned, only a very very small part of those moneys have been spent on actual maintenance?—Yes.

1468. Arrears and repairs, as compared with the standard as shown on the document I asked you to look at the other day, it is £2.4m.?—Yes, I think it is something just over £3m.

1469. That may be, but up to date when that document was made out, in fact, instead of most of those moneys being spent on maintenance, the position has been dealt with substantially by renewing London's assets?—Yes.

1470. And that fact no doubt explains why so little of those moneys has gone on actual maintenance?—May be—I could not say.

1471. And I understood you to say that the cost of those renewals—being the factual way in which the war-time deterioration was dealt with—the cost of those renewals has been charged to the British Transport Commission capital account?—Yes.

1472. May I have your assistance, just to test the position, by a point I am making, and giving you an opportunity of answering, before I call evidence to deal further with it?—Yes.

1473. Would you be good enough to look at my Exhibit, which I shall be proving in due course, which is numbered C.C./H. 112?—Yes.

1474. That purports to be a statement of capital invested in fixed assets, and, as you see, it deals first of all with the British Transport Commission as a whole?—Yes.

1475. The first line shows the fixed assets in accordance with the published accounts for the various years 1948, 1949, 1950 and 1951?—Yes.

1476. In each case it deals with the position at the beginning and at the end of each year?—Yes.

1477. I am only going to ask you ultimately to deal with the year 1951. The position there is slightly simplified because certain items of fixed assets from non-controlled undertakings, subsidiary companies, road haulage, goodwill, and so on, are all included in the table of fixed assets at the top?—Yes. We made a new Schedule to add the whole thing together.

1478. Yes. Now do you see that line 7 take a mean for each of the years?—Yes.

1479. And in 1951 that gives you a mean of £1,430m.?—Yes.

1480. Then do you see the same thing is done for the London Transport Executive: still taking the figures out of the accounts to begin with, "Fixed Assets per accounts", and then there is an addition of "Generation and Distribution of Electric Current", and "Lands and Buildings not in use for transport purposes"—I believe commonly called surplus land. Not pausing to embark upon any dispute as to those items, if you will allow me for the moment, do you see that it gives you a figure in 1951 of £153.2m.?—At the end of the year.

1481. At the end of the year, with a mean for the year of £151.5m.?—Yes.

1482. Then do you see line 13 deduces the ratio of those two figures of capital invested and produces a figure which we have seen and heard of many times before, of 10.59 per cent.?—Yes.

1483. 10½ per cent. very nearly?—Yes.

1484. I wonder if you would do for me a little calculation as we go along. It is quite simple. I am only going to deal with the year 1951. Would you take first of all the figure of mean capital for the British Transport Commission as a whole, £1,430m. in line 7 of my exhibit?—Yes.

1485. The calculation I am going to ask you to do—follow me if you will without debating it, because I want to see where it leads us—is on this supposition that the unused arrears of maintenance moneys should be treated as if they had been expended on new assets instead of maintaining the old ones, which is what has happened in the case of London?—It has happened in the case of the others as well.

1486. It has?—Yes, so there is no discrimination. I make that point at once.

1487. So much the better for the purposes of this calculation. Therefore, would you deduct from the figure of British Transport Commission mean capital of £1,430m. the mean balance of the abnormal maintenance account which I am told works out factually at the figure of 49.5m. Would you be disposed, at a quick glance, to agree that that was about right?—At the end of 1951?

1488. Yes. It is the mean figure for 1951?—Yes, I should think that is very likely.

1489. If it turns out to be wrong, you can take it from me that I shall be the first to apologise, but it has been worked out. That would give us, would it not, for the

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[Continued]

British Transport Commission as a whole, a figure of £1,335m.—that is £1,430m. less £95m.?—Yes.

1490. Now I would like you to do the same with my figure of mean capital in 1951 for the London Transport Executive, £151.5m., deducting there the mean balance of the abnormal maintenance account, which I am told works out at £29.5m. on the basis of your £32m. and not my £40m. odd, because I am content for this purpose to take your £32m. Do you follow?—Yes.

1491. That gives a figure of £122m.?—Yes.

1492. Would you look closely at those two resultants, £1,335m. and £122m., and would you take it from me that mathematically the ratio in terms of percentage between those two figures is 9.14; or, to put it in another way, 1.45 per cent. less than the figure of 10.59 per cent.?—Yes.

1493. If I apply 1.45 per cent. to the total interest charges of the British Transport Commission in the year 1951, a figure which is extracted from some document or other, and is in fact £44,829, that 1.45 per cent. equals £65m. or £65,000?—Yes. The 1.45 per cent. was on what basis? I am so sorry.

1494. The 1.45 per cent. is the difference between the 10.59 per cent., which is the ratio of the fixed assets of the British Transport Commission as a whole and London Transport Executive, and the 9.14 per cent., which is a similar ratio after allowing for the expenditure of unused moneys on renewal of assets?—Yes. I am sorry, but to what did you apply that difference of 1.45 per cent.—to what sum?

1495. I have applied that to the total interest charges of the Commission in 1951, which is £44,829.—And that gives you how much?

1496. £650,000.—I understand, thank you.

1497. As you have borne with me so patiently so far —. On the contrary, it is the other way round.

1498.—Will you make one short further calculation: Instead of 10.59 per cent., or 10½ per cent., which is an old familiar figure, let us take the figure that you mentioned to me on Thursday of 10.2 per cent. The reference, Sir, is to Question 1333 at page 98.—Yes.

1499. If I may remind you in parenthesis, I was asking you about your £5.5m.—Yes.

1500. And asking you how I was to accept it, except on the basis that you had told me that it was a fair charge. Your answer was this: "We have applied in our own minds the various tests which we thought useful as a check on the reasonableness of the figure. If we allocated the net net interest charge in "Y" year on the basis of the net book values of the assets, including goodwill, we should come to a percentage of something like 10.2, and that gives us our £5½m. once more."—Yes.

1501. So that that is another way of saying this, is it not, that 10½ per cent. when we started, yielded £5.5m. This year we still have £5.5m., and it would be the result of taking a multiplier of 10.2?—Yes.

1502. Would you take 10.2 instead of 10.5, and deduct from it 9.14. That will give you a difference of 1.02, will it not?—10.2 less 9.4?

1503. Yes, that is right.—1.06.

1504. Should I be right in saying very broadly that if you apply that differential to the total interest charges of the British Transport Commission in 1951, it would give you a figure of something just under half a million—£475,000 or thereabouts?—In 1951?

1505. Yes.—That again is on the £44.8m. which we have been referring to before?

1506. Yes.—It must be about £440,000, yes.

1507. Doing that little calculation in that way, I hope, throws into relief the point that I am making or seeking to make, that those resultant figures of £650,000 or £450,000 or thereabouts, whatever it is, is the measure of a hidden subsidy which London is in fact paying to the undertaking as a whole?—Not in the least.

1508. I have no doubt you will demur to it, but let me just follow it up and give you the reason: The reason being because it is the result of the moneys that came with the London undertaking being used in the business of the Commission as a whole?—No, Mr. Lawrence; it is the result of assuming that the previous account in London Transport's Balance Sheet should be used to

write down their assets account in the books. That is what you have done.

1509. Listen a moment before you answer. Do you understand the point that I am trying to make?—Perhaps not. I had hoped that I had.

1510. On the assumption that you have understood it, then what is the answer to it, because I am calling evidence to support this, and therefore it is only fair that I should put it in to cross-examination. What is the answer to it?—The answer is the one I rushed in and gave all too quickly. Let me try to repeat it. I think that what you have done is to say, in effect, that that part of the £31m. or £32m. which was not spent in excess repair expenses since 1948 ought now to be used to write down the book value of the capital assets of London Transport. Perhaps you base that on the idea that that is what London Transport would have done, but if we go to London Transport's last accounts for the 31st December, 1947, you will see a very strong hint that they would have done nothing of the sort. As a matter of fact, they probably would have used that provision account, which in their books stood at £25m., to stop the holes in their Balance Sheet at that point. There were very serious holes in the Balance Sheet of London Transport on the 31st December, 1947, and those holes in that Balance Sheet have been stopped by the Commission without any expense whatever to London Transport. If you look at the Balance Sheet for London Transport, you will see such items as "Discounts, £0.4m.", "Assets displaced, not replaced, £4.5m.", and other items of that sort which, when added together with the difference which ensued on the exchanges of stocks, come to a figure of about £28m. That £28m. of assets shortage, if I may put it in that way, was taken out of the Assets Displacement Account in the opening Balance Sheet of the Commission. Therefore, London had a relief of £28m. when the Balance Sheets opened. I think, as a matter of fact, that London Passenger Transport Board themselves, if they had continued in existence, would have used the £25m., which was standing in that provision account to attempt to stop some of the gaps which they had in their Balance Sheet. That is where that would have gone; they would never have used it to write down their capital assets, and their Auditors would never have permitted them to do so. Over and above that £28m. which London Transport received out of the Assets Displacement Account on the 1st January, 1948, they have received also, of course, the cost of displacing the trams, which to-day is somewhere between £4m. and £5m. I do not think it is proper to say that there has been any discrimination against London in this matter.

1511. Let me suggest that there are two counter answers to that. First of all a general one. Do you understand that we are not trying to find out what would have happened, but for nationalisation, in the activities of the London Passenger Transport Board; what I am trying to find out is a fair share of interest charges against London under circumstances of nationalisation.—Yes, and those circumstances are best represented by the global approach which we have adopted. You see, when it suits you, you always go back—no, I must not say that.

1512. Please. Do not mind me; say whatever you like. I shall not take offence.—You always go back to what the position was specifically in London Passenger Transport Board. I will not say you always go back, but you often do go back to that and cite the facts as they were then.

1513. Forgive me, only the facts which I had brought to your notice this morning as being the basic facts which lead ultimately to the financial assessment of interest charges against London. Let me put it in another way.—Yes, I would like to apologise. That has not been done at this Inquiry; it was the approach adopted by Middlesex at the previous Inquiry.

1514. I cannot answer that Yea or Nay, because I was not there.—I certainly apologise.

1515. Let me put it in another way: the diversion of these maintenance funds into your capital account was not, was it, a fact which was inherent in nationalisation, but arises only out of the way in which the Commission have in fact treated the items?—No, I do not agree.

1516. Where is that proposition wrong?—Suppose we had continued to treat the Central Charges on a much more specific basis. Suppose we had not had regard to

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the Act which says that there shall be one undertaking. Suppose we had attempted to build up a completely separate set of records. I do not know where we would have got to, because it is always very difficult to say what one would have done if one had not done what one has done, but I think it is exceedingly likely that the unused balance of the £31m. or the £32m. would have been used to stop the gaps in the Balance Sheet which we took over from the London Passenger Transport Board. In other words, we would not have relieved the London Transport Executive immediately of those gaps by charging them to the Assets Displacement Account of the Commission as a whole. You would have been no better off and you would not have had the Assets Displacement Account-to-day to which to charge the £4m. or £5m. loss on the trams. My own view is that you would have been millions worse off.

1517. This enquiry is forced on me, if I may draw your attention to it, by the fact that the justificatory basis of this Scheme is said to be the necessity that London should pay its own way and no more?—Yes.

1518. That is why I am forced to this enquiry, as to what would have been the position if you had acted otherwise than in the way in which you have. You follow that, do you not?—Yes.

1519. Throughout, on this part of my cross-examination, I was concentrating upon the abnormal maintenance account and the moneys that were available as a result of what happened.—Yes, but I am drawing your attention to the Assets Displacement Account, which is an off-set to that.

1520. Your general answer, if I now understand it, is this: Admittedly there was this £32m. available for London; admittedly only a very small part has been spent on maintenance; the balance, instead of being used for replacement of assets, has been used to fill up other financial gaps?—You are really suggesting that that balance of £32m. should be used to write down the capital assets which have been purchased since, and I say that that would never have been done in practice, and the Auditors would never have permitted it. What you would have done would have been to find yourself with a free balance at the end, of the £32m., less the abnormal maintenance expenditure. As I said, you would have had a free balance there, and you would have asked yourself what you would do with it. You would never have written down the assets. What you would have done with it would have been to stop up these holes to which I have referred.

1521. I am not suggesting that you ought to have done something which you have not done, or that you ought not to have done something which you have done. All I am trying to get your mind to is this: What I am putting to you measures the situation which is brought about by the fact of the way in which London maintenance money has been spent, namely, in meeting the cost of new assets. Do you follow that?—I think so, but I do not agree. I showed you that on a money calculation, on Thursday, the interest charge would be much the same as we have suggested. If we are now dealing with the liabilities side of the Balance Sheet, I say you would have had a free reserve of the unspent balance of the abnormal maintenance account. The question now arises: What would have been done with that free reserve? I think you are suggesting, in effect, that it should be written off the capital assets. I say that would never have happened, the Auditors would never have permitted it. It means that you would be thereafter reducing your depreciation charge in a most artificial fashion. That free reserve would have been used for various purposes, no doubt, but not for writing down the capital assets. It would, I think, have been used for stopping the holes in the Balance Sheet as we took it over on the 1st January, 1948.

1522. But is it really relevant to discuss what would have happened if London Passenger Transport Board had gone on operating as a single unit after the end of 1947?—No, if you do not wish to, but what I have been discussing in the last few moments is the proper thing to do in the circumstances which you have suggested. I am not going back to the London Passenger Transport Board's Balance Sheets at the moment. I say that following the method you have suggested, there would have been a free reserve on that part of the abnormal maintenance account

which is ascribed to London. There would have been a free reserve of the difference between the £31m. or £32m. and the amount actually spent on abnormal maintenance. What would have happened to that abnormal reserve? I say that it would not be deducted from the assets in the way that you were suggesting to me a quarter of an hour ago.

1523. I suggest that considerations of that sort are irrelevant to this Inquiry. Let me illustrate it for you. You told me on Thursday, I think, that there was a liability for interest on the London Passenger Transport Board's Stocks of some £6m.?—Yes—over £6m., I think it was.

1524. I am informed that it is not £6m., but £4.7m. However, setting aside questions of the accurate figure.—That is a very big difference, is it not? I do not want to set that on one side.

1525. It is a big difference. Were you including some loans when you mentioned the figure of £6m. for stocks?—I was referring to the financial requirements of the London Passenger Transport Board, and those requirements would have been £6.4m. That is without what would be needed for the Joint Lines and so forth. If you had another £3m. for that it would have been £6.7m. a year. Against that, of course, they would have had some interest on the trust funds.

1526. Whatever the figure, I am just trying to illustrate to your mind the irrelevance of these considerations. Whatever the figure, that liability gave way, did it not, to a reduced charge on 3 per cent. British Transport stock?—Yes.

1527. That was because the old stock holders, as we all know, did not get by way of compensation, indemnity for what they lost but only the measure of compensation provided by the Statute?—I am not going to discuss whether there is any difference between the two.

(President): It is sufficient for your purpose that there was £130m. stock, for arithmetical purposes. I do not know that it was all issued at par, but we are assuming that it was all issued at par and that the interest was a flat three, or an average of three.

1528. (Mr. Geoffrey Lawrence): That I suggest to you is an illustration of the fact that under nationalisation the position was different from what it would have been if the matter had carried on under the old set-up?—Certainly, the London traveller was very much better off.

1529. Therefore, when one is trying to evaluate the proper interest charges against London as part of the nationalised undertaking, it is irrelevant to try to point out what the Directors or the Executive of the London Passenger Transport Board would or would not have had to have done.—That is certainly not part of our case. It only becomes relevant, I think—

1530. And you may take it?—May I finish? It only becomes relevant if we start picking and choosing.

1531. (Mr. Geoffrey Lawrence): The rest of it may be a matter of argument and submission to the Tribunal on one side or the other. At any rate you have understood and appreciated the point and given your answer to it. May I just ask your assistance now upon the details which you kindly gave me in a rather long answer on Thursday; it is 1418 at page 101 of the transcript. I was still on your £5m., you see, which is a crucial figure in my case, and no doubt, of yours. You said by answer: "We have tried to check back the reasonableness of the £5m., even by reference to assumptions of this kind". Just pausing there, that means by the adoption of a sum which is called, I think, the specific method of finding the amount of interest?—Yes, attempting to follow through the cash.

1532. There is no reason why the interest to be allocated to London cannot be evaluated with fairness and accuracy, is there, by one method or another?—The accuracy may be mathematical, I cannot discuss that, but the fairness is something which I hope we have already dealt with. We think we have made a fair allocation.

1533. Then the answer to my question is Yes, there is no reason why it cannot be done. We may get differing answers on either side of the paper but there is no inherent reason why the task is impossible, is there?—The task of being fair is not impossible. The task of being accurate in the mathematical sense may well be.

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[Continued]

1534. Let me go on with the answer: "Let us suppose that we follow this out for a minute. There was the £130m. of stock, you remember, which was issued in replacement of the London Passenger Transport Stocks. There would be 3 per cent. interest to pay on that. That would be £3.9m." I am not challenging that, Sir Reginald; I accept that. "There would also be interest, say at an average rate of 4 per cent." That £40m. would be split up as to £30m., would it not, on London Transport Executive and £10m. on the Joint Lines?—Very roughly, yes.

1535. I will not quarrel with that in the result. "That 4 per cent. on the £40m. would be about £1.6m." In addition to that there would be the re-financing of the borrowings. London Transport had some fairly cheap borrowings from the London Electric Finance Corporation. There would be, we reckon, an interest payment on that of £1.2m." Now that, I suggest to you, is an excessive calculation for these reasons: The loan, first of all, is not repayable until August of 1955, is it?—It is repayable at any date after 1950.

1536. Technically, that may be so, but a borrower at that per cent. is not going to repay until he is obliged to, and the date of the obligation is August, 1955.—The final date is August, 1955, but I do not agree with your first proposition at all, if I may say so.

1537. The interest rate is now 2½ per cent.—Certainly, the loan has to be re-financed at some time or other. It has to be re-financed between 1950 and 1955. We are now already in 1953. A borrower does not always wait until the last moment to re-finance a loan however cheap it may be. It might pay him very well indeed to re-finance earlier. You will see that I took 4 per cent.

1538. I know, that is exactly what I was coming to. You took 4 per cent. on a loan of £30m. to get your answer of £1.2m.—I did; I took 4 per cent. because in my view, that is virtually 4 per cent. money at this time. I hope I shall not be pressed on this too far if you do not mind, because there are matters of financial policy involved, but my figure of 4 per cent., my assumption about the 4 per cent., did not come out of the air. And just in the hope of showing that that is so I will mention three things. Two of them, I think, have already been mentioned. As you pointed out, the loan has to be repaid in 1955. It can be repaid at any time in 1950; we are now in 1953, so the time is getting on. The second point is something that I have already mentioned, and that is that the borrower certainly does not wait—or does not always wait—until the last date in order to re-finance. My third point, which is an interesting one and a rather technical one, is that if we look at the present market price of the debenture stock of the London Electric Transport Finance Corporation it is 96½—which stripped to crude interest shows a yield to the final date of about £4 2s. 0d. per cent. As I said, I hope I shall not be pressed on this matter.

1539. I promise I will not do so, but I am bound to put it to you because I shall be calling evidence about this, you see, and I want to isolate the differences between us. I understand what you say. I can just get the facts from you, I think. The first year of the re-financed loan would be 1955 to 1956, would it not, assuming it is not re-financed until August, 1955? Your notional "Y" year is some time between 1953 and 1954, is it not?—You are pressing me, Mr. Lawrence.

(Mr. Geoffrey Lawrence): No, I hope I never do that.

(President): I think Mr. Lawrence is assuming that you wait till the day before the final day before you pay the loan.

1540. (Mr. Geoffrey Lawrence): I am assuming that, and I have your point that the borrower might not wait, but I am assuming on my side, for a moment, that he would. The point I want to put to you is this, it would certainly be premature before we know the changes which may take place by 1955. It would be premature to anticipate the re-financings of that loan some two and a half years ahead at a figure of 4 per cent. You have given your reasons for disagreeing, and I do not suppose you want to add any more?—No. I will say that the difference between the 2½ per cent. and the 4 per cent. would be a few hundred thousand pounds.

1541. It would be £4.5m., would it not?—Yes; so that the moment the words London Electric Transport Finance

Corporation are whisked out of existence, the interest charges against London on this semi-specific issue would be raised by £450,000. It just shows you, or I think it shows me at any rate, how artificial it is to proceed in that fashion. All we have to do is to take up a pen and strike out London Electric Transport Finance Corporation and the interest charges of London are up by the best part of half a million pounds. We have preferred, as you know, to go the other way about it.

1542. Yes, I know. Perhaps it was my fault; I pressed you on Thursday and you gave me the figures. I just wanted to see whether I could accept them all or not. At any rate if you and I live long enough we can see which of us is going to be right by 1955 or 1956! Let me go on to the next one. That would give you a total, you say, interest burden of £6.7m. There would also be a financial amortisation charge for 90 years, say at 4 per cent. on investment capital of £24m.; that would give you another £4m. a year, so that is another £7.2m. May I ask you a question or two about that? The interest charges, first of all, whatever the right percentage, would not be on any investment capital of £200m., would it? Would it not be on a figure of £160m.?—You are quite correct. The assumption must be if the London Transport Executive had had the £40m. already they would not have borrowed for that, and therefore we save ½ per cent. on that £40m., which is £0.1m., which brings the final figure I have arrived at from £5.6m. to £5.1m. I should have added that, but I also did not add that there was the administration and the other central charges to deal with.

1543. The percentage rate of Sinking Fund purposes is £0.225m., is it not?—I was not aware of that.

1544. 90 years.—The amount we are putting on one side is roughly 40 per cent.

1545. Very well, I will not take any further time with that; it was the amount of the capital investment that I wanted to ask you about there.—It is easy enough to check. The loan amortisation next year is £3m. I am reminded, of course, that 40 per cent. is £0.25m., and the difference between that and £0.225m. is not very great.

1546. (President): Anyhow, that £3m. in the next line but one from the bottom of page 101 ought to be £375,000, ought it not? £200m. ought to be £160m.—£160m., yes.

1547. And 40 per cent. on that reduces it to £375,000 instead of £47m.?—£400,000.

(President): Yes, £400,000 instead of £3m.

(Mr. Geoffrey Lawrence): That almost completes what I have to ask you. Would you be able to give me the information, or had I better ask Mr. James about this item of surplus lands? Could I tell you what I want if you can give it to me? What is the correct figure of net rent produced by these surplus lands and buildings in respect of London Transport?

(President): I am not quite certain that I understand the question.

1548. (Mr. Geoffrey Lawrence): Let me make it a little clearer, if I can. Certain lands and buildings were taken over with the London Transport services, were they not, and not used for transport purposes?—That is so.

1549. And we have had this item, have we not, at previous inquiries, and they have been labelled with the convenient expression "surplus lands"?—Yes, the total account to which you are referring is account 45 on page 30 of the last Account. It shows a figure of 2.2 of the Commission as a whole; you are asking how much of that is really attributable to properties which had started life with the London Passenger Transport Executive?

1550. Yes.—In other words we are picking and choosing again, are we not?

1551. By now you have a deep-seated quarrel with me over that. That is a matter of principle. If I am allowed to pick and choose, I want to have my figures right, you see?—Yes. I can check it later, but I think the figure is about £4m.

1552. We shall find in an exhibit that Mr. Hill will produce in due course that he has taken the figure of £200,000; but we thought, I think, based on an answer you gave last time, that it might be more than that; it might be £4m. you say?—Yes.

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[Continued]

1553. (President): I forget, Sir Reginald, are the net receipts from these non-transport users more or less constant?—They are very steady.

1554. They were £0.22m. net in 1951 and £0.23m. in the previous year?—They are about that every time.

1555. (Mr. Geoffrey Lawrence): I have one last question to put to you; at least, I hope it will be the last one. Do you still take the view, as expressed I think at the previous Inquiries, that the stock redemption figure, as it is dealt with by the Commission, should be regarded as a provision for obsolescence?—As a provision for obsolescence and as an off-set to the fact that ways and structures are not being depreciated at all.

1556. I only wanted to know that we are on the same ground there as we were on the previous occasions in respect to that matter.—Yes. Unless we did that we should have nowhere to charge losses such as scrapping the trams. That is the sort of view I am taking.

(Mr. Geoffrey Lawrence): I am much obliged, Sir Reginald, for your help and courtesy.

(Mr. Osmond Turner): May it please you, Sir; I appear for the London Passengers' Association. I take it that there is no question of the *locus standi* of the Association?

(President): Just tell me, Mr. Turner, how many members are there of this Association?

(Mr. Osmond Turner): There are, I am instructed—including both actual members and those associated with the Association through other associations which are integrated with our Association—about 30,000 in all.

(President): How many actual members? By "actual" I mean people who subscribe something.

(Mr. Osmond Turner): Upon that matter I shall have to take instructions.

1557. (President): Do you know how much the people who are actual members do subscribe?—I believe it is five shillings per year.

(President): Have you any idea how many living persons saw the Objections lodged?

(Mr. Osmond Turner): I do not know that I understand the form of your question.

(President): Is the Association run by a Committee of some sort?

(Mr. Osmond Turner): It is indeed, a Committee of some eight persons I believe.

(President): Elected annually?

(Mr. Osmond Turner): Elected annually.

(President): Were the Objections seen by that Committee or seen only by the Secretary?

(Mr. Osmond Turner): They were seen and approved by that Committee.

(President): Very well. I think we have heard you before, have we not?

(Mr. Osmond Turner): On both the previous occasions, Sir.

(President): Very well, we will hear you now.

(The Witness): I hope I shall not detain you very long. I am here perhaps as an earnest seeker after knowledge rather than anything else.

(President): We are all here for that—living and unlearning!

Cross-examined by Mr. OSMOND TURNER.

1558. (Mr. Osmond Turner): Looking, Sir Reginald, at the third day, the beginning of your examination-in-chief, and looking at, I think it is page 30, I see that it was put to you that this is a case which is put forward for the purpose of providing a satisfactory financial background for the users of the service, and I think you assented to that proposition. Of course, you look at it purely from a financial angle, do you not?—No.

1559. Why do you not?—Because the financial angle is not the only angle. We have to try and see all the angles.

1560. Perhaps that will be of even greater assistance to me. If there was another way of securing a satisfactory background other than the one you proposed, you would assent, no doubt?

(President): If there was a better one, no doubt he would.

1561. (Mr. Osmond Turner): A better way perhaps for London, though not necessarily better for the Commission. Would you agree with that proposition?—I am afraid I have none.

1562. I merely put it that if there was another way of securing a satisfactory background you would assent to that?—I would certainly be prepared to look at it.

1563. I think perhaps it would be fair to say, would it not, that it is impossible to see this Scheme satisfactory unless you view the Commission's policy as a whole?—It must be related to the Commission's policy as a whole, certainly.

1564. We have heard a great deal, perhaps rather appropriately, in these surroundings, about peaks and valleys?—Yes.

1565. Is it true to say that peaks and valleys are something which is common to all forms of transport, not only to the forms of transport which the Commission control?—Yes, with one or two exceptions of which I can think.

1566. Would you like to just indicate those to help me a little?—Yes. Some of the long distance bus services work in the peak only, because the services themselves are limited by licence. The result is that they get average road factors right throughout the year of over 90 per cent.

1567. Thank you very much, that is very helpful. You said "one or two exceptions". Had you any other exceptions in mind?—There are certain other road trans-

port companies which may be in something like the same position, not quite such a good position, but I would not say that they had peaks and valleys; I would say they had very gently rolling upland.

(Mr. Poole): When you said "all forms of transport", Mr. Turner, you meant passenger transport, did you not?

(Mr. Osmond Turner): I am sorry, Sir, I did, and I should have made that clear. I was thinking of shipping and I was thinking of air traffic, for instance.

(The Witness): Then I am afraid I shall have to think again about my answer. I do not know that I am really qualified to deal with shipping. I have no doubt you would get very different loading factors in very different services. I am not really qualified to deal with it.

1568. I do not want to press it, Sir Reginald, but having heard your evidence-in-chief I had the impression that perhaps you were expert in that field too?—I have had quite a lot to do with shipping.

1569. Quite simply—I do not want to complicate the issue—I was going to suggest that in the shipping industry one gets peaks and one gets valleys, and that many shipping companies have found that one way to overcome that difficulty is to charge cheaper fares in the valley periods.—The first main distinction in the shipping field, I think, is between the tramp and the liner.

1570. I was referring, of course, to passenger transport, to liners.—Largely to liners, though I think I am right in saying that even with tramp traffic which carries passengers that proposition is true also.

1571. Do you know if that is so?—That a tramp steamer charges less to passengers?

1572. Over the whole field of passenger shipping in off-periods generally, shipping companies tend to charge less in what we have called valley periods; that is, off-season rates?—They vary their fares rather more. They charge less in off-seasons, and in my definition they charge more in the peak.

1573. And in general that is true too, is it not, of air traffic?—I could not speak for air transport policy all over the world, but it is a fact that the British European Airways have introduced what they call "off-peak services".

1574. It is a matter of general knowledge, is it not?—I would have thought so.

1575. I think, too, it is a matter of general knowledge that the air transport organisations were in a difficult

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[Continued]

position and had difficulty in being allowed to reduce their fares. Perhaps you do not know.—I could not say.

1576. Could you tell me very briefly what is the essential difference between the forms of transport—the position of the forms of transport—run by you and that of shipping and air transport? Why is it, in other words, that the same principles do not apply to your forms of transport as apply to these other forms of transport? I know that is rather complicated, but I have no doubt you follow me?—It is a question of degree. To some extent the principles do apply to surface passenger transport. They do not apply in London because London is a vast anti-heap with 10,000,000 people travelling to and fro, all day long and in every direction. But, as you know, the railways issue excursion tickets in the summer.

1577. Indeed. In fact, it would be true to say, would it not, that the Railway Executive outside London gather almost two-thirds of their revenue from cheap fares?—Yes. But that, you will observe, is a question of offering cheap fares in the peak, not of offering cheap fares in the off-season.

1578. That is true?—It is true to some extent to summer passenger transport on the railways; but you must not deduce too much from that because it is done for different reasons altogether.

1579. But it does affect the principle, does it not, that you are able to attract much greater traffic by a reduction in fares?—Only if the circumstances happen to be right at that particular point of time. I do not think I could elevate that into a principle.

1580. If we could return now for a second to London, do you recall what was the effect upon off-peak traffic? I think that is the right expression—on the last occasion that the fares were increased in London?—If you do not mind perhaps you would put that question to Mr. Valentine.

(President): By "the last occasion" you mean the existing Scheme when it came into operation, do you?

1581. (Mr. Osmond Turner): That is so. (To the Witness): I do not want to pursue this if you cannot help me at all with it.—You will get much more help from Mr. Valentine.

1582. I appreciate that and I shall put that to him. But I am instructed that on October 7th—though I have no cutting—Lord Latham said that there was a 61 per cent. drop in off-peak traffic as a result of the increase in fares?—I do not recall it.

(President): 61 per cent. of the total off-peak?

(The Witness): I do not recall any such statement.

(Mr. Harold Willis): Where was the statement made?

1583. (Mr. Osmond Turner): I am trying to find the source of it, and the newspaper cutting. I will hand it to you as it comes to me. (To the Witness): Supposing for a moment that that is true?—I will not suppose that.

(Mr. Sewell): Two-thirds of the London Traffic stopped travelling?

(President): It cannot be true really. It is almost beyond the possibility of conception that it is true.

(Mr. Osmond Turner): This is purely in what is known as off-peak periods.

(Mr. Harold Willis): I should think there is a mistake in the position of the decimal point.

(President): If you find it hand it up, and if you do not you can ask Mr. Valentine if he has any views on the proper percentage.

(Mr. Osmond Turner): Of course, if you take that purely hypothetical case (and I am given to understand it would be very hypothetical, if a thing can be very hypothetical) if that were so there would be a very good case, would there not, for refusing fares in off-peak periods.

(President): There would shortly be a very good case for abolishing the services.

1584. (Mr. Osmond Turner): That may be so. What would you say to that? Do you regard it as a question so absurd that it is not worthy of an answer?—I would never suggest for a moment that any of the questions asked here are absurd, but I do not think you ought to ask me to follow you into that hypothesis.

1585. I will put it in another way. Supposing there were some substantial falling off in off-peak periods; how would you then view the possibility of reducing fares in off-peak periods in London?—You would have to show, in the first place, that the falling off was due to the increase in fare. As I was saying the other day, falling off might be due to a lot of other factors, and indeed it possibly is. Certainly, even if it were due to the increase in fares, you still have to bear in mind the effect of a fare reduction on the traffic which is already there, which may be considerable.

1586. You see I am really putting it, Sir Reginald—and let me put it as nicely as I can, because I would not like to give offence in any way—that the Commission has a mind which thinks largely in terms, when there is a deficit, of increasing fares, and that other Corporations have taken a different view.—If you can show me any Corporation which has not put up its prices in the last four or five years I should be very surprised. Our prices have to go up because other people's prices went up first. Transport had always lagged behind. The index today for raw materials is something like—I am talking from memory—250, or something of that sort.

1587. (President): 1939 base 100, or something of that sort?—Yes. It is because other things go up first that causes the price of transport to go up. It is really absolutely unfair to suggest that other people do not put their charges up; they do.

1588. (Mr. Osmond Turner): What I am putting to you, Sir Reginald, is that if you could fill your buses and you could fill your trains almost all the time, that would very largely off-set, would it not, these increases of price of which you speak?—It would more than off-set it; there would be profits of tens and twenties of millions. The difference between the average load factor of just over 40 per cent. and the average load factor of over 100 per cent. is very different indeed, obviously.

1589. All I am suggesting is that the way to do that is by a reduction in off-peak periods, and that is what other Corporations involved in transport have done successfully. You do not assent to that?—No, because it depends entirely on the traffics which happen to be passing.

1590. I felt a little colour was added to that reasoning—I know you will smile now—by the introduction of the "Starlight Express" to Scotland.—A little colour was added to what?

1591. To the argument I have been putting forward.—That is certainly not a fair comparison. That has nothing to do with the off-peak problem.

1592. But it does support the theory that by reduction of fares it would attract people who are not already travelling on your services to your services.

(President): It is also a little contrary to your suggestion that the British Transport Commission think only in terms of increasing their charges, is it not?

(Mr. Osmond Turner): Sir, I was coming to that one, too. Can you tell me, Sir Reginald—please do not hesitate to tell me if you do not wish to answer this—why it was decided to run the Starlight Express, for instance?

(President): I am told Mr. Roberts is coming to give evidence.

(Mr. Osmond Turner): It seemed to me so closely interwoven with the financial angle that this Witness might like to deal with it.

(The Witness): Because of the particular circumstances of that traffic it was judged a sound business thing to do. But one must not generalise from that particular action. Certainly there is no comparison between that and short distance, suburban traffic. The Starlight Special is being run at night.

1593. I know that—in an off-peak period.—Certainly not. The lines are very full with freight traffic.

1594. The other matter upon which I wanted to seek your aid was the question of the rising costs, of which you spoke at some length on the first day when you gave evidence. I am referring to the rise in cost of coal, steel, wages and so forth. You mentioned a figure of £5m. as being the increase in the cost of coal since the last Scheme was brought into operation. Is that correct? I think it appears in your evidence.

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[Continued]

(President): Question 36 is the one of which you are thinking probably, page 31.

(The Witness): That is so.

1595. (Mr. Osmond Turner): I am much obliged. £5m.—Yes.

1596. There has been, I think, since then a further increase which you also mentioned to us.—Yes.

(President): An increase since the Scheme was lodged?

1597. (Mr. Osmond Turner): Since the Scheme was lodged. That is so, is it not, Sir Reginald?—A matter of £2m.? I do not think the figure is important. No, it is over £4m.

1598. Would it be fair to say that the biggest factor in that rise in cost of coal was the increase in freight charges?—No; that has nothing whatever to do with it. That is the pithead price of coal.

1599. Does the Transport Commission get it at the pit-head price?—Yes. We carry it ourselves. The price of coal has not gone up because the price of transport has gone up.

1600. I am only seeking information.—I realise the point you are making. There is no cause and effect there at all.

1601. Nevertheless, the price of coal to the consumer would have gone up considerably as a result of the increase in freight rates, would it not?—If he pays the freight rates.

1602. In London, for instance, it would be very much greater.—If he pays the freight rates.

1603. Is there an occasion when he does not pay the freight rates—the ordinary consumer in London?—You mean the domestic consumer? He usually buys on the delivery price. The domestic consumer is not of course the important consumer in terms of money.

1604. What effect has the increase of freight rates had on the price of steel, which was another important factor in the increased costs? What effect has the increase in rates had upon the price of steel? Has it affected it in your view?—Certainly it will have affected it.

1605. Very considerably? There is two-way traffic, is there not?—I find these attitudes rather difficult to deal with because they cannot be quantified. I do not know what you mean by "very".

1606. (Mr. Osmond Turner): I was only trying to get a general answer. I was not trying to pin you down.—Transport is always a factor in the price of steel.

1607. A major factor?—No.

1608. The greatest factor of all which has brought you here is, of course, the rise in wages, is it not? £18m., I think, is quoted in Question 36.—Yes.

1609. Would you say that an increase in fares such as is put forward in this Draft Scheme would be likely to increase again the wages in London? I do not mean necessarily your people's wages, but wages in general?—On the whole I think not.

1610. It would be helpful, I think, if you could tell us why you think it would not.

(President): Is that not rather a difficult question? You are asking whether an increase in fares will lead to an increase in wages.

(Mr. Osmond Turner): It is a difficult question, but I am asking Sir Reginald whether in his view that is likely to be one of the things that will happen.

(The Witness): I think I have given you my answer. I do not think the increased cost of transport has been a major factor (or even a factor of much significance at all) in bringing about the demands for increased wages.

1611. (Mr. Osmond Turner): But you concede it has had some influence?—That is quite possible.

1612. When giving that answer, Sir Reginald, you are speaking only of the affect of increasing fares themselves of, say, the people in London. You are not taking into account the increase in fares on the other commodities such as coal and steel?—I do not think the increase of fares has much to do with the increased cost of coal.

1613. I am talking of the general increase in freight rates, fares and so forth, the general rise in transportation rates.—The cost of transport is one of the elements

which enters into the national economy. That must be quite clear, but to admit that is one thing, to say that is one thing, but to say that because of that, transport alone shall be the industry which shall not put up its prices is something quite different.

1614. And would be a grossly unfair proposition?—I think it would be an absurd proposition.

1615. But it seems to me—and will you tell me if this is sound—that the position in which you find yourself where you cannot be the only people who do not increase the cost of your services, seems also to apply to the National Coal Board or to the Steel Corporation?—Or to all the private producers, yes. What you are saying is that inflation is a bad thing, a thing which ought to be avoided, and I agree with you.

1616. You see, I am only choosing the main Corporations which have been reflected in your rise in costs—coal, steel and so forth.—I do not think we ought to pick and choose like that. One of the major causes of increases in price has been the deterioration in the terms of trade of the country as a whole. All our imports cost vastly more than they did before the war. Another thing is that National Insurance, for example, which is up 500 per cent. on what it was before the war—

1617. It would cost you another £3,300,000.—On the last occasion, yes.

1618. So it is not one of the great factors, as I am calling them. I am calling the great factors (and I have bracketed them together) coal, steel and wages, which altogether amount to £54m.—Wages total about two-thirds of the total cost. Coal is another important item. Coal, electricity and steel are important, I agree.

1619. It seems to me—and I am not an economist or an accountant—that what you are doing really is stoking a runaway train. That is so, is it not?—No, we are proceeding in a gradual circular upwards movement, what is known as "the spiral of inflation". When that is stopped and the new equilibria have been established we shall not have these troubles. That at least is the theory.

1620. I do not know whether this is a question which I should ask you, Sir Reginald. Has there ever been any attempt made by these large Corporations which I have mentioned, in consultation with you, to try to avoid that upward spiral?—The large Corporations have no vote at General Elections.

1621. I do not think you have understood me.—I think I understood perfectly well. You are suggesting that those particular Corporations get together and usurp the Government in authority and stop inflation.

1622. No, I am only suggesting that they take the first step.—The first step towards usurping Government authority and stopping inflation?

1623. No, the first step to stopping the upward spiral, because each one is contributing to the forcing up of the other one's prices, is it not?

(President): What is the first step you are suggesting should be taken, and is it to be taken by the Corporations all simultaneously or is one of them to take the first step and the others to follow? What is the first step you are suggesting they might take?

(Mr. Osmond Turner): I am suggesting that there might be some kind of consultation between these three large Corporations, at any rate, who, each time one increases the price, force up the prices of the others.

(The Witness): I hope you are not suggesting that when the Coal Board put up its prices it should not have put up its prices to the British Transport Commission, but that it should get back the balance of the increase out of the other consumers; in other words, that there should be a discriminatory price policy, and that the nationalised undertakings should take in each other's washing, as it were, and throw the rest of the costs on the generality of the consumers. That would not make much sense.

1624. I am only playing with ideas, but suppose for one moment that they did decide to take in each other's washing, would it not help to stop that spiral that we have heard about?—No, because the costs which they are not absorbing into their own costs structure would be thrown on to the costs structures of other people, and the totality of the position in the country would be precisely the same. If you are saying it is a good thing on

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[Continued]

some occasions for the Government to subsidise a basic industry, all I can say to that is that in the past that kind of thing has happened. Governments have given assistance to basic industries, but that is a matter for Government policy. You really cannot expect the Boards to get together and formulate Government policy.

1625. I am not suggesting that. Subsidy is dangerous ground in this Tribunal, and I am not inclined to tread upon it—I thought you were. Perhaps I misunderstood you. I thought you were saying that we were each to subsidise the other, what I called taking in each other's washing, and you asked if that was not a good thing, to which I said No.

1626. (President): I think Mr. Turner merely suggested you should have a meeting together and talk about taking in each other's washing—not that you should do anything to the washing, but talk about it.—I can assure Mr. Turner that, of course, these matters do get discussed together. For that matter there are certain regular meetings. I hope to be excused from going into details.

(Mr. Osmond Turner): Of course, one always hopes that something does result from talking, and that was really the next point I was coming on to.

(President): I suppose that it is hoped, or feared, that there may be some results from all the talking in this room.

1627. (Mr. Osmond Turner): There are high hopes in some quarters, I believe, Sir. (To the Witness): You will recall, I think, telling us that when you were faced by this position of rising costs and you decided, no doubt, in principle to come to this Tribunal, you took five actions.—You are very precise.

1628. I listened very carefully and I made a note of them. I do not think you will need to follow it in the transcript. The first one was what you called a special review?—Yes.

1629. Which was why I said I was coming on to the matter of talking, because one always hopes that action will follow?—Surely.

1630. You said next that your second course of action was to practise economies?—Yes.

1631. I wondered if you could be any more specific, because you see, nothing results from a special review except some policy which is translated into action by making economies, is it not?—Yes.

1632. I wondered if you could tell us more specifically what economies were practised under perhaps broad headings. I was thinking in terms of staff, equipment prices, and of ways and structures. Is it possible to tell us under those three headings specifically what was done?—There is pressure the whole time to get a proper utilisation of the staff. The effects of that pressure which I have mentioned are shown so far as the London Transport services are concerned, in Exhibit B.T.C. 402, where there is the best part of a million pounds put in for economies.

1633. B.T.C. 402?—Yes, £800,000.

1634. Can you direct my attention to that item for a moment?—It is Item 6 on B.T.C. 402.

1635. Yes. That is the sum of £800,000?—Yes.

1636. A small sum, but, however, every little helps, does it not?—It is an exceedingly large sum when you are trying to make economies. It is very difficult, you know, to swim strongly against a very strong tide.

1637. Although sometimes it is done.—Yes—in this case to the tune of £800,000.

1638. Now that you mention it, of course, I recall that sum of £800,000, but can you tell us how that is made up. Is it possible?—Mr. James, I think, as we have explained before, will be dealing with B.T.C. 402.

1639. He will be able to tell me how that sum is made up?—Yes.

1640. And he will be able to deal with specific economies?—He will be able to deal with that figure of £800,000 and show you how it was made up.

1641. I am much obliged. There is one very small point upon which I wanted to be quite clear. The policy of the Act, of course, is integration, is it not—the integration of all the services of the Commission, so that they run as a unified whole. Is that right? Am I right in saying

that that is a right conception of it?—One of the requirements of the Act, yes.

1642. Going into the field of private enterprise, is it not true that when you have a group of enterprises working together and integrated, if one is in difficulties, shall we say through external circumstances, the others rally round and help it?—Within reason, yes. It depends why it is in difficulties.

1643. I said “from external reasons”—that is, reasons outside its own control, of course?—Yes, on the old motto that union is strength.

1644. Yes, precisely. What I am at a loss to understand is why that position does not apply to the London Transport Executive, so far as its position with the rest of the Commission is concerned.—But that has been our approach right through. We said we would fix the Central Charges at £5m. and try to keep them at that steadily over the years. That is the whole idea of fixing these targets for the various parts of the undertaking and not varying them up and down too rapidly, because of the circumstances of one particular year. We have suggested in a sense a kind of partnership in regard to the Central Charges. But it would be going far too far in my view to say that that partnership should be applied to the working expenses. I would not like to pool all the working expenses of the whole of the British Transport Commission on one side of the Profit and Loss Account and all the receipts indiscriminately on the other side of the Profit and Loss Account, so that we had one glorious pool. We all know what would happen then.

1645. What would happen?—Financial discipline would disappear at once. You would lose all order and structure. The British Transport Commission would become a boneless wonder, and that we are not going to have. We must have a certain amount of structure, a proper kind of structure, and we must have financial discipline.

1646. I was going to ask you some questions about Central Charges, but having seen the transcript of the Fifth Day, I feel that we can save a little time there.—Yes.

1647. Another major problem which you mentioned, so far as high costs in the London area are concerned, was the question of traffic congestion in the Central Area?—Yes.

1648. No doubt, if I want to ask questions about the length of run of buses, for instance, passing through the Central Area, those questions ought to be directed to Mr. Valentine?—If you please.

1649. From your point of view—and this is a difficult question to frame—in looking at the finances of the London Transport Executive, you would consider, would you not, that the existing state of things is going to be preserved?—I am afraid I do not follow.

1650. I will try to re-frame that question. Looking at the London Transport Executive finances, you assume that the existing state of affairs is going to continue, do you not; that is to say, that the buses and other forms of transport are going to continue to be run as they are run at the moment. It would be in Mr. Valentine's sphere to say: “Well, we ought to make an alteration in that?”—No. The figures that are put forward at this Inquiry assume certain alterations of traffic and patterns of service. The costs have been applied, for example, to the mileage which is to be run in the notional year.

1651. In looking ahead and in doing your advance costing, you would assume that the traffic congestion problem in the Central Area is an insuperable one?—I am assuming that there will be no change in “Y” year.

1652. That is what I wanted to know. The rest I think I can take up with Mr. Valentine. I recall that you told us—and please correct me if I am wrong about this, because I cannot put my finger upon it in the transcript—that it cost little or nothing other than the price of the petrol to run buses in the off-peak periods. Did I understand you rightly?—It was more or less that, yes—assuming that the vehicles had to be there in any case, and assuming that you could not re-roster the crews.

1653. I did not know that you made those qualifications before.—I think I said that assuming the vehicles with the crews had to be there in the peak period.

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[Continued]

1654. That shifts the emphasis a great deal, because it was the question of crews which I wanted to raise. I think you told us that labour represented two-thirds of your working costs?—Yes.

(President): Direct costs. Mr. Turner, you have some more to ask, have you?

(Mr. Osmond Turner): I have, I am afraid, Sir.

(President): Very well; then we will adjourn now until a quarter to two.

(Adjourned for a short time.)

(Mr. Geoffrey Lawrence): Before my learned friend resumes his cross-examination, I wonder if I might ask the guidance of the Tribunal in one matter. As a result of the evidence which has been given so far, it has supplied us with a quantity of material which we had not had before, and some small number of the tables which we had submitted in support of our case will require amendment. I do not know what would be the most convenient way of dealing with it, but as it appears to me, the greatest measure of assistance could be given to the Tribunal if we had your leave to substitute new tables for a limited number of those we have already deposited, which reflect and incorporate the additional information of which we are now in possession. I apprehend that I should ask your leave to do this, Sir, and I ask it at this early stage, because I do not want to have these tables put in hand unless the proposal has your blessing. It would shorten matters, I think, when I come to lead in support of my case, because I should not have to keep stopping on the existing tables and saying "this figure should be so and so", or "there should be an amendment here". It would not apply to the large tables—only to a few of the small ones, and I am told it would involve at most about three pages of print.

(President): Are you hoping, or fearing—as the case may be—that as a result of the cross-examination of

other witnesses you may want to revise other figures? If so we had better take one bite at it.

(Mr. Geoffrey Lawrence): It was rather to get your guidance on this matter. I think I shall not be taking much time, if any at all, in further cross-examination of the other witnesses, because I have most of my material. But if any further relevant information appears, I could incorporate that too, if I had your leave to proceed in this way.

(President): That leave is given. It may be that any other revised figures would be reflected in the tables other than those which you now want to revise.

(Mr. Geoffrey Lawrence): Yes, I see what is in your mind. I make this application not because I fear I may have to make another application later on, but to obtain your general leave to make such alteration as is necessary in my tables, reflecting the material that has now come to light.

(President): Yes, but if there are going to be substituted tables, the Tribunal would want to have them at the earliest possible date, and they had better be given the (a), (b) numbers following the numbers of the tables they are going to revise.

(Mr. Geoffrey Lawrence): Yes. Thank you, Sir.

(Mr. Harold Willis): I have now prepared the tables that Mr. Poole was asking about. I think they give a little more information than, in fact, Mr. Poole asked for, but to that extent I am sure there will be no criticism of them. Would you wish the matter to be dealt with in this way—that we should hand copies of tables 511 (a), (b) and (c) to such of our learned friends as are here at the moment, and we will hand them to anyone else not here who wishes to have them? We would prefer not to have an obligation put on us to circulate them to all the objectors.

(President): No. You will also hand them to us and they will be printed as appendices, either to-day or to-morrow.

SIR REGINALD HOLMES WILSON recalled.

Cross-examination by MR. OSMOND TURNER.

1655. I think we had reached the point where you were telling us that there was little—so far as costs are concerned—involvement in running buses and so on outside peak periods?—It is a very small proportion of the total average cost of running a bus.

1656. And I was finding that proposition difficult to reconcile because you told us previously that two-thirds of your total working cost were absorbed by labour costs.—Yes.

1657. I do not see how one can reconcile the two statements, but I think you went on to say that that was supposing labour was available in any case?—Yes.

1658. One of the things which struck me when you were giving evidence was that you said that costs in London were to a large extent shaped by the habits of life of Londoners, and that being so you referred also to the failure of the staggered hours campaign, and it seemed to me a fair proposition to ask the staff of the buses and trains and so forth in London to accept what you ask Londoners to accept—staggered hours. Therefore it seemed to me that they would not be available. Am I plain?—Not altogether. I think you are asking not only for staggered hours but broken hours, four on and four off, which would leave your bus driver fifty miles away from his home at the end of his run.

1659. But that, of course, is the reason why crews of buses and trains—particularly buses—are paid for periods in which they are not working? I forget the technical term.—I do not think so. I do not think that is the reason at all. There is an allowance for signing on and off, but subject to that they spend almost the whole of the day driving.

1660. I am pursuing this from the point of view of economy, and if I am trespassing on ground which will be covered by Mr. Valentine, please tell me. But I am referring to what is technically known as the "split turn".—Yes, that is what I was referring to—so many hours on, so many off.

1661. And if a person is involved in a split turn and there is a split of two hours, they would be paid on that two hours?—I think it would be safer if you could put that question to Mr. Valentine. Undoubtedly there will be some consideration given.

1662. Yes, I do not want to trespass on their ground. But I thought perhaps that what you were telling us was that you were able to run very cheaply in off-peak periods because you were employing people during the split part of their turns?—No.

1663. That being so—I may be a little obtuse, but I cannot understand why it is so much cheaper to run in off-peak periods, because you have to employ staff which costs two-thirds of your working costs?—We are back now into the theory of joint costs, and we are dealing with it now as between one time of the day and the other, not as between area and area. Assuming that a man has to be paid for his day, because he has to be there during the peak periods, it is possible to argue that the peak periods should bear the whole of the cost of the wages of that man. It is a costing notion, which is not without its usefulness. Otherwise there would be no justification at all in the proposition that you ought to reduce fares in the off-peak, because then you would be comparing low fares in the off-peak with the average of cost throughout, hour by hour, and you would have to admit you were making a whacking loss during the off-peak. The whole thing is a notion.

1664. This is what my learned friend, Mr. Lawrence, referred to as an "accounting device," is it?—No, it is very largely a business man's point of view. The business man comes along to the cost accountant, who has averaged the cost of the bus operation over eight hours, and says it is 6, 7 or 8 hours. The business man says "Do not talk nonsense; I had to have that bus and I had to have those men." We say, therefore, if you want it split up that way, let us allocate the whole cost of the bus and the men against the peak period which made that expenditure necessary. It is a notion—but lots of costing, unfortunately, is notional.

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[Continued]

1665. But nevertheless, although it is very much cheaper to run in the off-peak periods because your costs are charged to your peak periods, it is not possible to charge people less in the off-peak periods?—If you charge them more in peak periods.

1666. It is what you suggested that the shipping people do?—I suggested that the shipping freights and fares are very largely covered.

1667. And passenger fares are not, because so far as London is concerned, people are forced to travel?—Not at all.

1668. Why do you say that?—Because if they were forced to travel we could charge anything we wanted to and put the fares up still further. We are being covered largely by cost, because it is what you have called a monopoly.

1669. Is not there a point at which the Transport Commission feel or believe that they have reached—I do not know what the term is—a saturation point, a point of no return, a point at which you can put up your fares no higher? Has not that position been reached in the provinces?—I have no doubt in the course of consumption of any commodity there is a saturation point, or a series of saturation points, according to the quantum of output that you have in mind, but it would be surprising if there were not quite a number of people in London who would pay still higher fares rather than use taxis, for example, or walk.

1670. Or bicycle, as they do in the country?—I am not making that into a general proposition at all, but merely pointing out that you cannot talk in terms of one single saturation point for the whole of a vast area like the London area.

1671. Thank you. I want to turn, if you will be so kind, to B.T.C. 401, because there is something there which my lay mind does not comprehend. In item No. 8 there is a figure given of £67.7m. which is the estimated receipt for London Transport Executive in gross in "Y" year. Is that right?—Before the proposed scheme? Yes.

1672. Does that figure allow for adjustments which have, I understand, to be made between the London Transport Executive and the Railway Executive?—What we call clearings, yes.

1673. It does allow for that?—Yes.

1674. And I take it that item No. 11—the working expenses of the amount of £68.2m.—also makes that allowance?—No. 11 is the figure for expenses.

1675. So that does not affect it?—No.

1676. But are not certain of those expenses attributable to British Railways or the Railway Executive?—There is a certain small clearance, if I may call it that, of working expenses as well.

1677. Yes, which is not included in that figure?—It is in connection with their train running and it is a couple of hundred thousand. That is a clearance between the British Railways and the London Transport Executive.

1678. Do I understand this is largely a historical matter? You are referring to the sums payable by the Railway Executive under agreements made in the past—such things as the running of goods trains by the Western Region over tracks between Royal Oak and the Western Region Goods Yard?—I am afraid I have not got the details, but I think you will find that Mr. James can deal with that.

1679. And I am instructed about a grouping scheme which was entered into in 1923. Do you know of that?—No.

1680. Whereby there was some arrangement between what was then the London Passenger Transport Board and the Main Line Companies as they were then. . . .

(President): It could not be the London Passenger Transport Board in 1923, Mr. Turner.

1681. (Mr. Osmond Turner): Whatever the body was then. Do you know of that agreement, Sir Reginald?—I have no knowledge of any such agreement in 1923.

(President): I am right, am I not, historically?

(Mr. Osmond Turner): I think so, Sir.

(President): I do not know when the London Passenger Transport Board came into operation—1933 I thought.

1682. (Mr. Osmond Turner): Yes—the group of Companies. Thank you. This question of clearances, Sir Reginald. I do not know whether it has been gone into in detail at this Inquiry?—The clearances of the passenger receipts?

1683. Yes.—Perhaps you would ask the commercial witness about that.

1684. It is not a matter with which you can help us?—If you want to be quite certain of getting the best answers I think you had better ask the commercial witness, who knows far more about it than I.

(Mr. Harold Willis): This, I think, will be Mr. James. It is more a financial matter, but I think he will deal with this.

1685. (Mr. Osmond Turner): I am much obliged to my friend. That is the point which worried me—it seems to be so essentially financial. I think there is only one other point, and that is concerned with the statement which you made in your examination in chief—that you thought it unfair or unreasonable that Londoners should enjoy any of the benefit of the profits which were made from freight.—I think I said that I did not quite understand the proposition that they should share in the profits of freight outside London.

1686. I wondered if you could give us your reasons for that, very briefly—

(Mr. Harold Willis): I think you did deal with this in your evidence in chief.

1687. (Mr. Osmond Turner): I do not want to waste the time of the Tribunal.—It is difficult for me to give my reasons for that. I do not think it is reasonable. I do not see anything for it.

1688. I thought that we were agreed upon the basic principle of integration?—Yes, but not of sloppiness.

1689. Well, that, Sir Reginald, is your term?—Certainly.

1690. You think it unreasonable that the amount of freight which passes through London should produce eventually profits from which the Londoner should not benefit at all—is that your proposal?—By and large, yes. I do not know what profits you are referring to, however.

1691. I am referring to profits derived from freight which passes through London and stops in London, or goes on into other parts of the country.—Are you suggesting the Londoner should exact a kind of toll, because the freight happens to pass through a geographical territory known as the London area? If that is the suggestion I do not see the point of it. Would Londoners also share in the losses on hotels made in the London area? Of course he would not. As a passenger, of course, I mean.

1692. You would agree, would you not, that so far as London is concerned, almost every article in common daily use, not only fuel and food, has to be brought in from outside?

(President): I should have thought that a little bit doubtful, Mr. Turner. After all, London is a considerable port.

(Mr. Osmond Turner): Well that, in my submission, is bringing it in from outside.

(President): I thought you meant geographically from outside the London area into London.

1693. (Mr. Osmond Turner): That is my general proposition, but a great many of these articles of daily use will be brought in from other parts of the country, will they not?—That is quite true.

1694. Now the cost of these articles will have reflected in them the price of their transport, will they not?—That must be true, generally speaking.

1695. Particularly when you consider a matter such as coal, which is brought from a long way away.—But it is not true of branded articles which are sold at the same price all over the country.

1696. But it is true of many substantial articles used in the household?—Certainly. That is true of everyone in the United Kingdom, not only the Londoner.

1697. Presumably, but outside London the citizen is getting some benefit from the freight rates reflected in the charges for passenger travel?—Not at all.

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[Continued]

1698. Why do you say that?—I do not see how you sustain the proposition.

1699. I thought that was one of the Commission's points, that London had no right to be bolstered up with the profits which accrued from freights?—Neither has the passenger outside London.

1700. Well, I must have a misunderstanding of this. Can you tell us how profits derived from freights are applied outside the London area?—They are not applied, in that sense of the word at all.

1701. What happens to them?—You have not established the proposition that there are any profits from freight outside the London area.

1702. I thought that was a matter of which you might take notice.—It depends on how you allocate the joint costs.

1703. Are you saying there is no profit on freight outside London?—No, I said in evidence in chief that it was possible to divide up in one's mind, for the purpose of a discussion of this kind, the passenger travel outside the London area into three main groups: there were the main line passenger trains; there were the suburban traffics and there were the slow branch line, across-country traffics. I said that by and large the travellers on the long distance trains—the greater mileage of which is outside London—were making a handsome contribution to joint costs. I said that the suburban trains, where they were reasonably modern in operation and so forth, were probably making a reasonable contribution to joint costs, and that it was only the category of branch line trains—the slow stopping trains—the cross-country lines—which was making an insufficient contribution to joint costs.

1704. So freight, by its contribution to joint costs, is indirectly affording some bolster to the passenger structure, is it?—That particular part of the passenger structure.

1705. It is the main part, the long distance and that part of the suburban traffic which . . . —That part which is no longer modern, yes.

1706. So it would not be an improper suggestion to put forward that there is some benefit being derived from the profit made from freight by passengers outside London?—Yes; all I can say is that there is an insufficient contribution to joint costs in the third category, which is balanced by a greater contribution to joint costs from freight and the long distance passenger travel.

1707. The two together show that on balance the passenger outside London is gaining a little?—He is deriving some advantage. So, on the other hand, is freight, because they have the joint use of the tracks.

1708. And the Londoner is gaining nothing, although in many of the articles which he uses the cost of freight is included in the price?—I do not think that is true. The London Lines are gaining a considerable benefit from the fact that they use their track jointly with freight and the long distance passenger trains that start outside the London area.

1709. But that adjustment you said was extremely small. Did you not tell us that?—There is no clearance of that. I am talking about London Lines now. I am saying that the passenger on London Lines is adjusted by the fact that freight and long distance outside London area pass over this track. He is also adjusted in the matter of his terminal charges. You will remember that we took a figure of one third for the addition to movement costs. We added £4m. to £12m. That £4m. is one third, which is the average for the whole of the country covering both steam trains and electric trains. Now the movement cost of steam trains per car is very much higher than the movement cost of electric trains. By the figures which I have given before you will see that the movement cost of the steam service in the London areas is 8s. per mile. If you assume six cars per train, on the average, that is 16d. a car, whereas the cost of the electric services was 8d. or 8½d. In other words, the movement cost per unit car by steam is double the cost

per car mile on the electric services. That does not mean that steam is hopelessly uneconomic as compared with electricity. I am only talking of movement cost. In that category it is much more costly than electricity.

Let us suppose that the steam are only one-and-a-half times the electric; that the movement cost of the steam car is only one-and-a-half times that of the electric car. The steam services up and down the country account for about 90 per cent. and the electric services account for about 10 per cent. These are very broad figures, of course. I am merely trying to illustrate to you how some of these things work. As I said, if the steam movement costs half as much again as the electric movement costs (in London they are double) then the average addition of one third for the terminal costs should—other things being equal—be 32 per cent. for the steam services and 48 per cent. for the electric. You will find that checking back 48 per cent. is one-and-a-half times 32 per cent., and 32 per cent. of 90 per cent., added to 48 per cent. of 10 per cent. brings you back roughly to the average figure of one third.

1710. I do not think I have followed you entirely, but I shall read it with interest in the transcript to-morrow.—You must remember that most of the electric services are in London, and if the appropriate figure is 48 per cent. for electricity, instead of one third, then the terminal addition to the passenger movement costs in the London area should be something more like £5m. instead of £4m. Now the fact that we have not done that is an indication that we are allowing a general sharing of the terminal costs between the passengers inside London and the passengers outside London. There are all kinds of small factors working in all kinds of ways, and we have taken a figure of one third as representing, by and large, something which is not unreasonable, but it has conferred a considerable benefit.

1711. So you are saying that London is benefiting from freight outside London, to some extent?—No, I do not think so. I am saying that they were benefiting from sharing their freight in the London area.

1712. So external benefit is accruing?—Through the tracks, through the common service.

1713. So externally they are getting a benefit from freight profits outside London, to some small extent, through the tracks?—They are getting some benefit out of the existence of the freight services.

1714. Yes. That is all I wanted to know, because in your original evidence I understood you did not agree with that principle?—I said they should not share in profits; I have never said that we would avoid introducing joint services which are going to make everything cheaper for everyone.

1715. Even the Transport Commission?—Well, it is the people outside who pay the British Transport Commission. Thank you. I am much obliged for your assistance, Sir Reginald.

(Mr. D. J. D. Wellum): I represent the Benfleet and District Railway Travellers Association. I must ask your indulgence, as I was not present the other afternoon when objectors had the opportunity of questioning this gentleman, due to the fact that I was unavoidably at work. I would, however, request that I may now establish a *locus standi* and ask this witness one or two questions. I do not wish to make a lengthy cross-examination.

(President): When was the Association formed?

(Mr. D. J. D. Wellum): In July of last year.

(President): How many members have you?

(Mr. D. J. D. Wellum): Just over 300 members.

(President): Paying members?

(Mr. D. J. D. Wellum): Yes, paying members, and it has the approval and support of both local Councils in the area we represent.

(President): Very well.

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Sir REGINALD HOLMES WILSON

[Continued]

Cross-examined by Mr. D. J. D. WELLUM.

1716. On one of the previous days on which you have been giving evidence you stated that part of the increase we are now being requested to pay was due to increased costs. You stated that another part was due to decreases in fares which operated at the request of the Government. Can you give any figures—an approximate percentage—to show what percentage was due to that decrease?—I think you will find that on exhibit 402. It is all set out there in detail.

1717. I am sorry. You agree, however, that you are charging the full increase on all fares, regardless of whether they had this decrease?—We are not re-correcting (if I may use such a term) the changes which were introduced as a result of Government intervention.

1718. You are asking some travellers, in other words, to pay for a deficit due to decreases which they did not have?—Perhaps I can help you by putting it this way—that the generality of the travelling public in London is now being asked to pay something on the basis of a calculation which takes account of the fact that the yield was decreased after the last increases, as a result of Government intervention.

1719. You are not taking any account of the fact that in some cases—perhaps in many cases, I do not know—these prices are inequitable, unfair in some cases?—What rise have you in mind?

1720. These particular rises for which you are applying now?—But that is not a particular rise. It is something which affects the whole finance of the London Transport Services; the London Transport Services are £1.2m. worse off as a result of the Government intervention. It is not a particular matter at all. Some passengers benefited as

a result of Government intervention, and now that has to be paid for by all the passengers.

1721. It seems rather unreasonable in some cases, does it not?—I hope you will not address that question to me.

1722. I am doing so.—The policy of the Commission has been explained and I think it has already been quoted at this inquiry. Nevertheless, the Commission has said that they will not adjust the relativities of these fares for another year, always on the assumption that there are no major changes of circumstance.

1723. Thank you. Now you were saying a few minutes ago that anybody who is not able to pay the increased fares does not have to travel. Might I enquire how that can be applied to people from the Benfleet area of South East Essex, travelling on the London and Southend section, who were moved out of London during the war, due to the blitz and who are not able to get further accommodation in London, and whose work is in London? Do you suggest they should give up travel or give up work?—On no account.

1724. Then what do you suggest they do? Do you suggest they give up eating? It has already been suggested they should not smoke or drink or have a go on the pools. There are many in that area who already refrain from these things. I would suggest that they can only give up eating, unless you can provide some other answer?—Well, you have made your suggestion, have you not?

1725. I have, yes. Thank you. That is all I want to ask at this stage.

(President): I do not think anyone here will want to cross-examine further.

Re-examined by Mr. HAROLD WILLIS.

1726. I have very few questions to ask you in re-examination, but there are just one or two. You were asked, I think, on the Second or Third Day of these proceedings some questions by my learned friend Mr. Rippon as to the relative increase in administrative staff on the Road Haulage Executive. Do you remember those questions?—Yes.

1727. I do not know whether you would wish to give some further explanation in regard to that matter, having regard to the policy as to larger vehicles?—Yes. I pointed out at the time that considerable evidence on this matter was set out in detail in the document which was published called "British Transport Fourth Year" in paragraph 18, which I think was a sufficient answer to Mr. Rippon in respect of the general allegation about undue increases of administrative staff. However, Mr. Rippon put a particular comparison to me: He pointed out that the addition in certain groups selected by him, as from a date selected by him, amounted to about 3,000. He compared, you will remember, the administrative, clerical, operative, supervisory and traffic classes as at the beginning of 1950 with the staff in those categories to-day, and he said the figure was 3,000—I think the actual increase is about 2,788. He pointed out, and I think this was the matter he was really trying to establish, that over the same period the motor drivers and van guards, and the loaders and yard-men had not increased proportionally, that they were virtually the same, being 42,351 at the beginning of 1950—we make that figure 42,377—and 42,188 at the end of 1952. Of course, that comparison ignores a great many things, but it does ignore one thing which I think ought to be mentioned. It has been part of the deliberate policy of the Road Haulage Executive to introduce what is known as the big lorry. At the end of 1950 we had 4,000 vehicles odd in the category, over 12 tons, and at the end of 1952 in the same category, over 12 tons, that figure had risen to 5,220. If you take the next lower capacity group, however, it has remained virtually static. In other words, the proportion of large vehicles in the fleet was increasing substantially, and the medium categories even fell. The replacement of the medium capacity vehicles by the heavy vehicles means that the productivity of the vehicles, and particularly of the drivers, is virtually double, because you still need only one man to drive one vehicle; so that for the same tonnage of traffic only half the drivers and vehicles are required to-day to move traffic in the 14-ton and 15-ton category.

1728. Therefore, that will tend to alter the relative proportion of administrative staff to operating staff?—Absolutely. Although the business of the Road Haulage Executive has increased enormously from the end of 1950 up to the present time, that extra work was being done by something like the same number of vehicles and something like the same number of drivers, which means that there has been a very great increase in the efficiency ratio in that respect. It is not surprising that a certain amount of additional what are called black-coated workers were necessary in that connection. I must also mention that, of course, from 1950 onwards the Road Haulage Executive has been doing rather more for itself than was the case formerly. They have begun to do rather more of their own repairs. They have even begun to keep their own books and accounts. They have set up their own internal audit system, whereas previously they relied very largely on external auditors, and so forth. Therefore, I hope that will just clear up any doubt that was left by those questions.

1729. I am much obliged. I think the only other matter about which I want to ask you is in connection with the Central Charges. I am not going to ask you to go over again the broad justification you have put before this tribunal of the figure of £5½m. for London Transport, but I would like, if I may, just to deal with the matter on this basis: Assuming that you adopt a figure of 10½ per cent. of the total Central Charges and apply that to London, can we see what would be the position over the five years up to 1952?—If we had done an exact mathematical calculation and taken 10½ per cent. each year on the total Central Charges less interest earnings—

1730. Giving full credit.—Giving full credit for the interest earnings in each year—we should have come at the end of 1952 to about £26.4m. in place of the five times £5½m., which represents the target.

1731. Is that the figure giving full credit for each of the years? Is not the figure giving credit for the interest each year the figure of £25.7m.?—That is the figure if we withhold the interest credit in 1948-49. I have explained what my reasons were for having said earlier, at any rate, and perhaps even for saying to-day, that those interest credits ought to be withheld. You will remember that the years 1948-49 were years which we inherited, if I may put it in that way, from the Control Agreement

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Sir REGINALD HOLMES WILSON

[Continued]

period. The fares and charges in force during 1948-49 were fares and charges which had been in force before we took over, and we found a position where London Transport was showing not unsatisfactory results, whereas British Railways were showing results that were rather the opposite, and we did not proceed to get any correction into that position until the beginning of 1950, when the Freight Charges Scheme was heard.

1732. (President): Passenger Charges Scheme?—No, freight. At the beginning of January, 1950, we had a hearing on the freight charges before you in your other capacity.

(Mr. Harold Willis): It was not a Scheme, I think.

1733. (President): No, it was not a Scheme.—No, it was not a Scheme, I beg your pardon. It was a scheme in another sense.

1734. It was a Public Inquiry by the Tribunal sitting as a Consultative Committee?—That is so.

1735. (Mr. Harold Willis): Those two figures of total interest charges you have given are what London would have had to pay in the aggregate on those alternative bases

(The Witness withdrew.)

(President): Mr. Willis, I take it that Sir Reginald will be available for us to ask him any questions at such future date as we may wish to do so?

(Mr. Harold Willis): Of course, Sir.

Mr. PHILIP GAVED JAMES, recalled.

Examination by Mr. FAY continued.

1741. When you broke off your evidence-in-chief last Wednesday you had finished dealing with Item No. 2 on B.T.C. 402?—Yes.

1742. Will you now continue with your exposition of that table and go on to Item No. 4, which is described as "Other net increases in costs". Is that, if I may so describe it, a mopping-up item which takes in all the minor items?—Yes. Item 4 is the residue of increased costs between 1950 and "Y" year, which we cannot attribute specifically to increases in wages or increases in prices or to variations in mileage.

1743. And the total comes to £0.4m.?—£0.4m.

1744. Can you help the Tribunal as to the major ingredients of that £0.4m.?—There are obviously a very large number of ingredients in an item of this sort, but we have made such analysis as we can, and we have established a certain number of items. For example, there is £0.2m. included in that £0.4m. in respect of clothing. The issues of clothing to staff in 1950 were below the normal standard to the extent of £0.2m. Between 1950 and "Y" year they have been restored to the normal standard. So that that has increased the costs between those two years to the extent of £0.2m.

1745. That is restoration of the clothing standard. Is there another large item, or comparatively large item?—There is another quite substantial item relating to the consumption of fuel on road vehicles. It amounts to £0.1m., and it represents the net effect of a number of varying factors. The more important are the increase in the consumption of fuel due to more powerful vehicles which have been introduced in increasing numbers since 1950, partially off-set by the savings which have been realised by the introduction of a different kind of lubricant, which has had the effect of reducing fuel consumption.

1746. Those two items by themselves amount to £0.3m., and there is a balance of £0.1m., which I suppose sweeps up a great number of increases?—It does. It is possible to pick out a certain number of items.

1747. Can you give examples?—For example, there is a decrease in the expenditure on training of £0.04m. This has been brought about by a lower rate of staff turnover and the completion of the South London conversion scheme, which has reduced the need for training of our operating staff on the roads. There has been a small reduction of £0.05m. in compensation for accidents. There has been a small reduction of £0.02m. in the hire of vehicles. In 1950 we were hiring a certain number of vehicles for peak hour operations. That hiring has ceased.

over those five years to which you referred?—That is so. Of course, that was the London Transport portion of it.

1736. I am obliged. Those two figures can be compared, cannot they, with the figure of £27.5m., which was the figure to which your deficit calculation of £9.7m. related?—That is so.

1737. So that if either of those alternatives was adopted, the deficit would be *pro tanto* reduced?—Yes.

1738. Finally, if we are to apply the 10½ per cent. to the position in "Y" year, what is the precise figure we get as the Central Charge allocation to London Transport?—The figure is £5.7m.

1739. £0.2m. in excess of that which you have in fact adopted for the purposes of this Application?—That is so, but we stuck to the £5½m., because we have said throughout that we think that that is a fair average target taking one year with another.

1740. Looking at the matter broadly, have you, as the Comptroller of the Commission, any doubt that that is a proper way in all the circumstances to do it?—Yes, that is my view, and I think the target figure of £5½m. will turn out to be a very fair one.

(President): We shall not put any questions to him at the moment.

(Mr. Harold Willis): If you please, Sir. Then we will resume the interrupted examination-in-chief of Mr. James.

There has been a very small increase, £0.01m., on expenditure on local rates. The saving as the result of the withdrawal of South London trams has been more than off-set by increases in rate poundages. Those are three of four of the items. Others could be cited, but they are all of that kind of order.

(President): Mr. Fay, I want to go back to this clothing item, the first ingredient in this item, put at £0.2m.

(Mr. Fay): Yes.

(President): Did I understand that to be for a rise in the standard of the clothing?

1748. (Mr. Fay): It is a resumption of a former standard which has now been returned to. Is that so, Mr. James?—Yes.

(President): A rise from the existing standard to a standard which had formerly obtained?

1749. (Mr. Fay): From the standard existing in 1950?—That is not quite so. In 1950 we were not able to issue clothing up to the standard which was then in force. We were below standard, by reference to our normal standard, by £0.2m. When we were able to get back to a normal issue again, naturally the cost rose to that extent.

1750. (President): This is an extra allowance to the allowance of £0.2m. for clothing and consumable stores generally, which appears in your dissection of item 2, aggregating £1.4m. in all?—Yes. The item you have just mentioned related to increases in price.

1751. And making up?—And making up, yes.

1752. This is a rise in standards?—A restoration, if I may put it in that way, to the 1950 standard.

1753. An improvement in the standard?—Yes.

1754. (Mr. Poole): Is that in quantity or quality?—In quantity.

1755. (Mr. Fay): That concludes Item No. 4, and indeed concludes all the increase in cost items in B.T.C. 402. The next item, and the last one I want you to discuss, is Item No. 6, a deduction of £0.8m., described in the table as the amount recovered by reduction in the proposed level of mileage to be operated, particularly at off-peak periods and by other economies. I would like to go through the calculation of that figure with a little care.—Yes.

1756. In "X" year did your budget for an alteration in car mileage compared with 1950, both on road services and railway services?—Yes, we did. We budgeted for an increase on the road services of 17.6m. car miles and a decrease on the railways of 12.8m. car miles.

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Mr. PHILIP GAVED JAMES

[Continued]

1757. For reference purposes those figures can be found, cannot they, in B.T.C. 201 on the previous Inquiry?—Yes, they can, by comparison of the figures for 1950 and "X" year.

1758. The railway alteration in car mileage was a decrease, you say, of 12.8m. miles?—Yes.

1759. Was there an increase or decrease in train mileage in that figure?—There was an increase in train mileage because the saving in car miles resulted from uncoupling in off-peak periods, which means more trains but fewer car miles.

1760. With that explanation in mind, if one looks at last Inquiry's Exhibit B.T.C. 106, one sees that a sum of £1.1m. was allowed for the increased mileage which you have mentioned, in "X" year?—Yes.

1761. It is Item 2 (h). Would you tell the Tribunal how that figure of £1.1m. was made up?—Yes. It is made up of an allowance of £1.2m. in respect of the cost of working additional mileage on the road services in augmentation and development of existing services, and off-set against that £1.2m. there was a saving of £0.1m. in respect of tram conversion. That saving of £0.1m. was arrived at by comparing the estimated cost of working the bus mileage to be substituted from trams with the cost of the tram mileage. There was no allowance in the figure at all for any net effect of expenses of the uncoupling programme on the railways which I mentioned just now.

1762. It meant fewer miles but more trains, and the cost, so far as these figures are concerned, to the nearest hundred thousand averaged out?—They were assumed to off-set one another for this purpose.

1763. That was "X" or "X-A" year, an allowance of £1.1m. Now I want to come to "Y" year. If one looks at B.T.C. 501 one sees the service car miles assumed for "Y" year, does not one?—Yes.

1764. Comparing those car miles with the 1950 figures, which are the figures I have already mentioned, on B.T.C. 201, do you find the alteration as between 1950 and "Y" year in car miles?—Yes, you do.

1765. What is the sum?—On the road services there is an increase of 6m. car miles. Of the railways there is a decrease of 18.1m. car miles, and there is also 0.2m. train miles.

1766. We shall not find the train miles on the table, but you tell the Tribunal, do you, that this time on the railways there is a decrease not only in car miles, but a lesser decrease in train miles?—Yes.

1767. What did you say it was?—0.2m.

1768. (President): Just let me have those figures again for the car miles, will you?—This is the variation in "Y" year compared with 1950: Road services, an increase of six million car miles.

1769. This is over 1950?—Over 1950. For the railways a decrease of 18.1m. car miles.

1770. (Mr. Fay): Would you now compare the cost for 1950 with the cost for "Y" year, having regard to these differences in mileage. Firstly, what have you allowed for the increase in road service mileage?—I have allowed £1.3m. That is for the additional mileage resulting from augmentation and development. That is excluding altogether the effect of the additional mileage on depreciation.

1771. That is £1.3m. What is the difference, having regard to the tram conversion which has now wholly taken place?—It is a saving of £0.3m., subject, as I said, to the qualification about depreciation.

1772. Are there other savings which you have taken into consideration?—Yes. We have allowed for savings arising

from planned economies in railway and road service mileage, which were introduced mainly at the end of 1952, but partly at earlier dates, and in respect of which we have assumed £0.6m. saving on the road services, and £0.3m. on the railways. That is a total of £0.9m. we have assumed for savings.

1773. Is there another head of saving to be taken account of?—Yes, there is a further saving of £0.1m. which is due to some reductions which have been made in the running time on the road services.

1774. This is the point which has already been made in this Inquiry, is it not, that the faster you run your buses the cheaper they are?—Within limits, yes.

1775. You have an increase of £1.3m. and decreases which add up, I think to the same amount?—Yes.

1776. So the position in "Y" year, as compared with 1950, is all square, is it?—That is so.

1777. There is no change. In "X" year you had allowed an increase of £1.1m.?—Yes.

1778. And in "Y" year there is no increase to be allowed for. How is the adjustment made between the "X" year figure and the "Y" year tables?—The £1.1m. which we allowed for in "X" year consisted of £0.8m. for working expenses other than depreciation, and £0.3m. for depreciation. We have already taken the £0.3m. for depreciation into account in dealing with Item 2 in Exhibit B.T.C. 402, so that I am left with £0.8m., which was provided for in "X" year and which is not now wanted. That amount has been brought to credit at line 6 of Exhibit B.T.C. 402.

1779. That is the last line in the table with which you deal, I think?—Yes. The other items relate to matters with which Mr. Valentine will deal.

1780. I want to ask you now about one or two matters which have been mentioned in the course of this Inquiry and which you are the person to deal with. My learned friend Mr. Lawrence asked the Comptroller for a split of the figure of £68.2m. for the working expenses of London Transport services for "Y" year?—Yes.

1781. For the Note, that is at page 33, starting at Question 81. Have you prepared an analysis of that figure?—Yes, I have.

(Mr. Fay): I think this has been handed round. I do not know whether a copy has reached you, Sir?

(President): No. not so far as I know.

(Mr. Fay): Its circulation has started apparently, but it has not reached you.

(President): We shall have to stop now, so that no doubt a copy will be supplied to me.

(Mr. Fay): Would it be convenient to have this printed as part of the transcript?

(President): How big is it?

(Mr. Fay): It is a small table.

(President): Yes, I think it had better be printed; it will be in the "4" series, will it not?

(Mr. Fay): On the last occasion a number of these small tables were printed in the transcript and not as exhibits. Would that perhaps be a convenient course here?

(President): Yes, I think so.

(Mr. Fay): It then appears in the column with the Witness's evidence.

(President): We will not print it in to-day's transcript; we will deal with it in the transcript to-morrow, when you are going to ask about it.

(Mr. Fay): If you please, Sir.

(The Witness withdrew.)

(Adjourned until to-morrow morning at 10.30 o'clock.)

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[Continued]

B.T.C. 511
SCHEDULE "A"

LONDON TRANSPORT

ESTIMATED JOURNEYS AT ORDINARY FARES BY MILEAGE GRADATIONS BASED UPON THE DISTRIBUTION OF TRAFFIC SHOWN DURING TESTED WEEKS

Single Journey Distances	Year to June, 1939		Year 1947 (A) (Exhibit AV. 3)		Year 1949 (Exhibit AV. 8)		"X" Year (B) (Exhibit B.T.C. 206)		"Y" Year (C) (Exhibit B.T.C. 303)	
	Number	Per Cent. of Total	Number	Per Cent. of Total	Number	Per Cent. of Total	Number	Per Cent. of Total	Number	Per Cent. of Total
RAILWAYS										
Up to 1 mile	57,001,033	19.5	59,168,000	14.2	64,880,560	14.8	66,628,500	15.3	59,959,080	14.2
Over 1-2 miles	69,333,989	23.7	100,320,000	24.1	87,957,408	20.1	83,720,700	19.2	87,838,740	20.8
" 2-3 "	62,309,862	21.3	85,327,000	20.5	72,877,287	16.7	76,110,900	17.5	69,006,438	16.4
" 3-4 "	41,307,480	14.1	57,291,000	13.8	54,620,256	12.5	55,288,700	12.7	56,761,798	13.5
" 4-5 "	24,232,439	8.3	34,801,000	8.4	43,380,505	9.9	48,684,200	11.2	44,011,528	10.7
" 5-6 "	18,789,341	6.4	27,658,000	6.8	26,711,081	6.0	21,856,600	4.9	28,313,329	6.7
" 6-7 "	14,951,777	5.1	19,747,000	4.8	20,371,084	4.6	21,856,600	4.9	20,393,561	4.8
" 7-8 "	4,565,682	1.6	13,756,000	3.3	19,241,471	4.4	17,199,900	3.9	17,046,568	4.1
" 8-9 "	5,911,974	2.0	8,087,000	1.9	12,237,897	2.8	12,220,600	2.8	12,089,664	2.9
" 9 "			14,711,000	3.5	27,025,668	6.2	26,613,500	6.1	26,345,114	6.2
TOTAL	292,671,967	100	415,867,000	100	437,697,187	100	435,274,400	100	421,779,242	100
CENTRAL ROAD SERVICES										
Up to 1 mile	1,798,258,298	62.7	1,414,351,000	46.3	1,796,348,240	52.3	1,849,880,300	57.8	1,612,353,360	52.1
Over 1-2 miles	69,373,694	22.4	1,016,817,000	33.3	943,659,744	27.5	945,655,300	23.3	990,531,600	32.0
" 2-3 "	259,793,672	9.1	334,605,000	10.9	321,911,880	9.4	335,704,500	10.5	276,244,140	8.9
" 3-4 "	94,738,516	3.3	142,728,000	4.7	170,314,003	5.0	132,939,700	4.2	129,171,400	4.2
" 4-5 "	38,897,027	1.3	73,000,000	2.4	106,015,325	3.1	78,674,200	2.5	54,133,925	1.8
" 5-6 "	21,810,592	0.8	48,388,000	1.6	61,598,435	1.8	32,817,200	1.0	21,778,053	0.7
" 6-7 "	7,059,338	0.2	16,519,000	0.5	22,414,770	0.6	10,656,400	0.3	4,712,792	0.2
" 7-8 "	3,252,157	0.1	7,599,000	0.2	7,544,919	0.2	12,412,100	0.4	3,922,012	0.1
" 8-9 "	1,509,772	0.1	2,525,000	0.1	1,478,808	0.1	422,000	—	476,554	—
" 9 "			1,308,000	—	894,264	—	70,800	—	5,293	—
TOTAL	2,866,692,786	100	3,057,840,000	100	3,432,180,388	100	3,199,202,500	100	3,093,329,129	100

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[Continued]

Single Journey Distances	Year to June, 1939		Year 1947 (A) (Exhibit A.V. 3)		Year 1949 (Exhibit A.V. 8)		"X" Year (B) (Exhibit B.T.C. 206)		"Y" Year (C) (Exhibit B.T.C. 503)	
	Number	Per Cent. of Total	Number	Per Cent. of Total	Number	Per Cent. of Total	Number	Per Cent. of Total	Number	Per Cent. of Total
COUNTRY BUSES										
Up to 1 mile	57,887,832	43.4	65,725,000	25.4	97,061,120	35.0	97,804,400	39.7	91,479,600	33.6
Over 1-2 miles	42,459,068	32.0	47,823,000	37.8	77,582,064	28.0	61,240,900	24.9	99,558,720	36.6
" 2-3 "	14,811,809	10.7	34,720,000	13.4	30,722,700	11.1	36,792,600	15.0	34,338,932	12.6
" 3-4 "	6,958,905	5.3	20,184,000	7.8	24,672,591	8.9	18,064,100	7.3	17,463,720	6.4
" 4-5 "	4,111,652	3.1	12,705,000	4.9	18,510,345	6.7	11,327,200	4.6	10,805,590	4.0
" 5-6 "	3,536,000	2.6	5,356,000	2.2	9,283,945	3.3	4,104,800	1.9	6,119,680	2.2
" 6-7 "	3,009,097	2.2	4,448,000	1.7	8,137,045	3.0	3,777,771	1.5	5,072,771	1.8
" 7-8 "	706,140	0.5	3,189,000	1.2	3,495,157	1.2	2,893,500	1.1	3,072,052	1.1
" 8-9 "	1,850,678	1.4	2,717,000	1.0	2,705,352	1.0	2,520,600	1.0	2,520,600	0.9
" 9 "	132,591,820	100	6,812,000	2.6	6,985,280	2.5	3,962,200	1.6	634,460	0.2
TOTAL	132,591,820	100	259,051,000	100	277,367,488	100	246,124,200	100	272,205,525	100
ALL SERVICES (EXCLUDING COACHES)										
Up to 1 mile	1,912,847,663	58.1	1,539,244,000	41.2	1,958,289,920	47.2	2,014,283,200	51.9	1,763,792,040	46.6
Over 1-2 miles	733,165,951	22.9	1,314,995,000	34.2	1,125,511,866	27.8	848,618,000	21.3	1,179,949,660	31.1
" 2-3 "	336,285,343	10.2	454,652,000	12.5	487,000,000	12.0	448,000,000	11.3	579,868,000	15.0
" 3-4 "	143,004,901	4.4	220,203,000	5.9	249,606,850	6.0	206,292,500	5.3	203,396,918	5.3
" 4-5 "	67,241,918	2.0	120,506,000	3.2	167,906,175	4.1	138,685,600	3.6	108,941,465	2.9
" 5-6 "	44,026,772	1.3	80,562,000	2.2	99,993,429	2.4	67,602,800	1.7	56,214,062	1.5
" 6-7 "	17,587,622	0.5	41,927,000	1.1	55,155,796	1.3	36,196,900	0.9	28,819,124	0.8
" 7-8 "	8,523,979	0.3	24,544,000	0.7	30,281,541	0.7	32,505,500	0.8	29,040,632	0.8
" 8-9 "	9,272,424	0.3	13,329,000	0.4	16,422,057	0.4	15,163,200	0.4	12,566,218	0.3
" 9 "	3,291,956,573	100	22,831,000	0.6	34,878,212	0.8	30,646,500	0.8	26,984,867	0.7
TOTAL	3,291,956,573	100	3,732,758,000	100	4,147,245,063	100	3,880,601,100	100	3,787,313,896	100

GENERAL NOTES:

The estimates for "X" year and "Y" year exclude the backward journeys made at Ordinary fares by purchasers of Early Morning single tickets on Central Road and Country Buses which were introduced on 1 October 1950. Prior to that date, the fares for these journeys were included in the "X" and "Y" years. The figures shown above for 1939, 1947 and 1949 are therefore not comparable with those shown for "X" and "Y" years. In order to get a more realistic comparison the Ordinary and Workmen/Early Morning traffic should be added together and this has been done on Schedule "B".

Between May, 1940, and February, 1947, the rail fares for distances 5 to 14 miles were 1d. higher than the road fares and those above 14 miles by higher amounts, approximating to 10 per cent. In allocating the traffic to Mileage gradations the passengers travelling at sub-standard fares are unavoidably included at the Mileage applicable to the standard fare, thus introducing varying degrees of errors at different dates.

Children's fares where separate tickets are issued, are included under the appropriate mileage gradation but where separate tickets are not issued they are included as adult journeys, this again introducing varying degrees of errors at different dates.

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[Continued]

B.T.C. 511
SCHEDULE "B"

LONDON TRANSPORT

ESTIMATED JOURNEYS AT ORDINARY AND WORKMEN OR EARLY MORNING FARES BY MILEAGE GRADATIONS BASED UPON THE DISTRIBUTION OF TRAFFIC SHOWN DURING TESTED WEEKS

Single Journey Distances	Year to June, 1939		Year 1947 (A) (Exhibits A.V. 3 and 10)		Year 1949 (Exhibits A.V. 8 and 23)		"X" year (B) (Exhibits B.T.C. 206 and 209)		"Y" year (C) (Exhibits B.T.C. 503 and 505)	
	Number	Per Cent. of Total	Number	Per Cent. of Total	Number	Per Cent. of Total	Number	Per Cent. of Total	Number	Per Cent. of Total
RAILWAYS										
Up to 1 mile	57,001,033	15.3	59,168,000	12.0	64,880,560	12.1	66,628,500	12.7	59,959,080	12.1
Over 1-2 miles	69,333,989	18.7	100,378,000	20.4	88,198,710	16.5	89,664,900	17.0	87,977,796	17.8
" 2-3 "	80,468,989	21.6	101,857,000	20.7	91,677,967	17.2	87,708,900	16.7	77,133,618	15.6
" 3-4 "	54,896,595	14.8	70,849,000	14.4	67,572,654	12.7	65,407,500	12.4	64,834,864	13.1
" 4-5 "	36,354,540	9.8	43,813,000	8.9	55,349,797	10.4	62,144,600	11.8	54,141,688	10.9
" 5-6 "	32,212,877	8.7	31,828,000	6.5	40,534,711	7.6	37,693,000	7.2	37,235,409	7.5
" 6-7 "	1,202,019	0.3	1,684,000	0.3	37,620,800	7.0	29,541,200	5.6	27,920,303	5.6
" 7-8 "	9,205,926	2.5	70,668,000	14.2	18,485,000	3.4	18,510,000	3.5	17,638,154	3.6
" 8-9 "	14,520,719	3.9	12,061,000	2.5	18,132,239	3.4	44,180,900	8.4	43,841,282	8.9
" 9 "			23,809,000	4.8	42,436,626	7.9	526,430,600	100	494,900,818	100
TOTAL	371,586,687	100	492,011,000	100	534,403,513	100				
CENTRAL ROAD SERVICES										
Up to 1 mile	1,798,238,798	59.3	1,414,351,000	43.8	1,796,348,240	50.0	1,849,850,300	52.5	1,612,333,360	48.2
Over 1-2 miles	747,045,484	24.6	1,112,799,000	34.4	1,026,933,664	28.6	909,416,600	25.8	990,531,600	29.6
" 2-3 "	77,053,484	2.5	184,286,000	5.7	233,318,840	9.4	384,423,900	10.9	358,887,420	10.7
" 3-4 "	127,457,920	4.2	184,286,000	5.7	233,318,840	9.4	292,515,800	8.4	193,877,420	5.8
" 4-5 "	42,444,320	1.4	78,846,000	2.4	111,948,125	3.2	92,515,800	2.7	92,411,045	2.8
" 5-6 "	30,144,522	1.0	58,188,000	1.8	71,485,613	2.0	49,902,500	1.4	50,245,093	1.5
" 6-7 "	8,023,906	0.3	18,727,000	0.6	24,964,710	0.7	16,136,600	0.5	19,912,472	0.6
" 7-8 "	3,489,729	0.1	8,097,000	0.3	8,712,973	0.2	15,191,100	0.4	12,213,692	0.4
" 8-9 "	1,516,158	0.1	2,535,000	0.1	1,839,480	0.1	1,066,800	0.1	5,728,234	0.2
" 9 "			1,308,000	0.1	894,264	0.1	993,200	0.1	9,987,629	0.3
TOTAL	3,031,410,200	100	3,232,700,000	100	3,594,705,840	100	3,523,534,500	100	3,342,562,265	100

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[Continued]

Single Journey Distances	Year 1947 (A) (Exhibits Av. 3 and 10)		Year 1949 (Exhibits Av. 8 and 23)		"X" year (B) (Exhibits B.T.C. 206 and 209)		"Y" year (C) (Exhibits B.T.C. 503 and 505)	
	Number	Per Cent. of Total	Number	Per Cent. of Total	Number	Per Cent. of Total	Number	Per Cent. of Total
COUNTRY BUSES								
Up to 1 mile	57,587,832	43.4	97,061,120	34.4	97,804,400	36.1	91,479,600	30.9
Over 1-2 miles	42,459,068	32.0	79,592,464	28.2	73,353,100	27.1	99,558,720	33.6
" 2-3 "	14,181,809	10.7	31,718,700	11.2	40,516,000	15.0	42,236,852	14.3
" 3-4 "	6,938,905	5.3	20,532,000	7.8	23,384,000	8.6	23,299,560	7.9
" 4-5 "	4,111,652	3.1	18,510,345	6.6	12,352,000	4.6	14,454,550	4.9
" 5-6 "	3,426,639	2.6	10,359,885	3.7	8,368,500	3.1	8,833,440	3.0
" 6-7 "	1,309,097	1.0	6,363,942	2.2	4,819,500	1.8	5,161,731	1.7
" 7-8 "	706,140	0.5	3,753,000	1.3	2,488,000	0.9	8,866,452	3.0
" 8-9 "	2,707,535	1.0	2,568,000	0.9	3,800,000	1.3
" 9 "	1,850,678	1.4	6,938,280	2.5	4,383,700	1.6	1,641,516	0.5
TOTAL	132,591,820	100	282,013,194	100	270,831,700	100	296,029,061	100
ALL SERVICES (EXCLUDING COACHES)								
Up to 1 mile	1,912,847,663	54.1	1,539,244,000	38.6	1,938,289,920	44.4	1,763,792,040	42.7
Over 1-2 miles	858,838,541	24.3	1,313,342,000	33.0	1,194,724,838	27.1	1,178,068,116	28.5
" 2-3 "	367,680,160	10.4	574,574,000	12.3	662,726,000	10.5	478,521,890	11.9
" 3-4 "	281,999,048	8.0	382,999,000	9.5	462,726,000	10.5	278,521,890	7.0
" 4-5 "	83,910,513	2.3	135,364,000	3.4	185,808,267	4.2	278,521,890	7.0
" 5-6 "	65,784,038	1.9	99,640,000	2.5	122,380,209	2.8	161,007,283	3.9
" 6-7 "	26,925,022	0.8	52,051,000	1.3	68,931,452	1.6	96,333,942	2.3
" 7-8 "	13,401,795	0.4	31,916,000	0.8	40,369,065	0.9	52,994,506	1.3
" 8-9 "	17,313,000	0.4	22,697,071	0.5	45,074,808	1.1
" 9 "	17,887,555	0.5	31,929,000	0.8	50,289,170	1.1	24,066,988	0.6
TOTAL	3,535,588,707	100	3,987,838,000	100	4,411,122,547	100	55,380,427	1.3

(A) At pre-February, 1947, fare levels.

(B) At pre-March, 1952, fare levels.

(C) At existing fare levels.

GENERAL NOTES:

The charges for "X" year and "Y" year exclude the backward journeys made at Ordinary fares by purchasers of Early Morning single tickets on Central Road and Country Buses which were introduced on 1st October, 1950. Prior to this date Workmen's tickets were not generally available on Central Buses and Country Buses and the figures shown above for 1939, 1947 and 1949 are therefore not comparable with those shown for "X" and "Y" years. In order to get a more realistic comparison the Ordinary and Workmen's Early Morning traffic should be added together and this has been done on Schedule "B".

Between May, 1940, and February, 1947, the rail fares for distances 5 to 14 miles were 1d. higher than the road fares and those above 14 miles by higher amounts, approximating to 10 per cent. In allocating the traffic to Mileage gradations the passengers travelling at sub-standard fares are unavoidably included at the Mileage applicable to the standard fare, thus introducing varying degrees of errors at different dates.

Children's fares where separate tickets are issued, are included under the appropriate mileage gradation but where separate tickets are not issued they are included as adult journeys, this again introducing varying degrees of errors at different dates.

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[Continued]

B.T.C. 511
SCHEDULE "C"

LONDON TRANSPORT AREA

RESIDENT POPULATION

Mid-Year	(1) County of London	(2) Outer Ring	(3) Greater London Col. (1) plus Col. (2)	(4) Outer Country Area	(5) London Transport Area Col. (3) plus Col. (4)
1939	4,013,000 40·6	4,715,000 47·7	8,728,000 88·3	1,160,000 11·7	9,888,000 100
1946*	3,053,000 33·9	4,673,000 51·9	7,726,000 85·8	1,280,000 14·2	9,006,000 100
1947*	3,231,000 34·4	4,828,000 51·5	8,059,000 85·9	1,322,000 14·1	9,381,000 100
1948*	3,320,000 34·6	4,921,000 51·3	8,241,000 85·9	1,358,000 14·1	9,599,000 100
1949	3,366,000 34·6	4,975,000 51·2	8,341,000 85·8	1,381,000 14·2	9,722,000 100
1950	3,361,000 34·4	4,997,000 51·2	8,358,000 85·6	1,406,000 14·4	9,764,000 100
1951	3,358,000 34·3	4,992,000 51·0	8,350,000 85·3	1,435,000 14·7	9,785,000 100
1952	3,363,000 34·2	5,001,000 50·8	8,364,000 85·0	1,477,000 15·0	9,841,000 100

* Civilian Population only.

